

JPRS-UEA-91-026  
24 MAY 1991



# ***JPRS Report***

## **Soviet Union**

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***Economic Affairs***

# Soviet Union

## Economic Affairs

JPRS-UEA-91-026

## CONTENTS

24 May 1991

### NATIONAL ECONOMY

#### ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

State Property Fund Explained [S. Assekritov; <i>PRAVDA</i> , 17 May 91]	1
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#### INDUSTRIAL DEVELOPMENT, PERFORMANCE

Tyumen Oil Industry, Worker Problems Viewed [Yu. Shafranik; <i>RABOCHAYA TRIBUNA</i> , 5 May 91]	1
--	---

### REGIONAL ECONOMIC ISSUES

#### POLICY, ORGANIZATION

Hard Currency Banking Permitted in Uzbekistan [ <i>PRAVDA VOSTOKA</i> , 27 Feb 91]	4
Ukrainian Law on Property Issued	4
Text of Law [ <i>PRAVDA UKRAINY</i> , 23 Apr 91]	4
Decree on Law's Implementation [ <i>PRAVDA UKRAINY</i> , 23 Apr 91]	12
Ukrainian Law on Employment of Population	13
Text of Law [ <i>PRAVDA UKRAINY</i> , 19 Mar 91]	13
Decree on Law's Implementation [ <i>PRAVDA UKRAINY</i> , 19 Mar 91]	22
Ukrainian Decree Supplementing Legislation on Protection of Populace [ <i>RABOCHAYA GAZETA</i> , 6 Apr 91]	23
Lithuania's Premier Views Economic Prospects, Cabinet Changes [ <i>G. Vagnorius</i> ; <i>TIESA</i> , 21 Feb 91]	24
Development of Small Businesses in Crimea Viewed [K. Vasiliyev; <i>RABOCHAYA GAZETA</i> , 12 Apr 91]	26
Belorussian Law on Enterprises Issued	27
Text of Law [ <i>SOVETSKAYA BELORUSSIYA</i> , 27 Dec 90]	27
Decree on Implementation of Law [ <i>SOVETSKAYA BELORUSSIYA</i> , 27 Dec 90]	40
Belorussian Measures To Ease Burden of Price Reform [ <i>SOVETSKAYA BELORUSSIYA</i> , 24 Apr 91]	40
Kazakh Draft Law on Denationalization, Privatization	43
Text of Draft Law [ <i>KAZAKHSTANSKAYA PRAVDA</i> , 18 Apr 91]	43
Commentary [S. Takezhanov, D. Sembayev; <i>KAZAKHSTANSKAYA PRAVDA</i> , 18 Apr 91]	49
Uzbek Economic Conditions, Transition to Market Economy Assessed [T. Nurullayev; <i>OBSHCHESTVENNYYE NAUKI V UZBEKISTANE</i> No 12, Dec 90]	53
Uzbekistan Issues Legislation on Retail Price Reform	58
Text of Decree [ <i>PRAVDA VOSTOKA</i> , 30 Mar 91]	58
Addenda to Decree [ <i>PRAVDA VOSTOKA</i> , 30 Mar 91]	60
Tajik Law on Enterprise, Association, Organization Taxes	62
Text of Law [ <i>KOMMUNIST TADZHIKISTANA</i> , 11 Apr 91]	62
Decree on Law's Implementation [ <i>KOMMUNIST TADZHIKISTANA</i> , 11 Apr 91]	75
Commentary [ <i>KOMMUNIST TADZHIKISTANA</i> , 11 Apr 91]	77

### AGRICULTURE

#### AGRO-ECONOMICS, POLICY, ORGANIZATION

Press Conference Discusses Aid From West	78
Food Imports From Abroad Cited [V. Raskin; <i>SELSKAYA ZHIZN</i> , 11 Jan 91]	78
Timoshishin Fields Questions [M. Timoshishin; <i>SELSKAYA ZHIZN</i> , 15 Jan 91]	79
Follow-Up: 'Not Convinced' [A. Kapitanov; <i>SELSKAYA ZHIZN</i> , 27 Apr 91]	79

## REGIONAL DEVELOPMENT

Farmstead Progress in Estonia Discussed .....	80
Complications Remain, Leasing Favored /V. Kuznetsov; SELSKAYA ZHIZN, 7 Feb 91/ .....	80
Too Few 'Good Examples' /J. Rannamets; PRAVITELSTVENNYY VESTNIK No 11, Mar 91/ .....	80
RSFSR Agricultural Supply, Support Lags /Yu. Baklanov; SELSKAYA ZHIZN, 7 May 91/ .....	81
Estonian Production Lagging, Farmsteads Need Help .....	83
Central Committee Discusses Problems /SOVETSKAYA ESTONIYA, 9 Mar 91/ .....	83
Reliance on Small Farms /R. Popova; MOLODEZH ESTONII, 19 Mar 91/ .....	84
Farmsteads Need More, Better Equipment /R. Valdma; SOVETSKAYA ESTONIYA, 14 Mar 91/ .....	84
Estonian Situation, Inter-Republic Ties Discussed .....	85
Agricultural Problems Examined /I. Kallas; SOVETSKAYA ESTONIYA, 2 Apr 91/ .....	85
Economic Boundary /S. Kuznetsov; SELSKAYA ZHIZN, 11 Nov 90/ .....	87
Getting Fair Share /VECHERNIY TALLINN, 19 Feb 91/ .....	87
Keeping Estonian Produce Home /Ya. Tolstikov; SOVETSKAYA ESTONIYA, 9 Apr 91/ .....	87

## MAJOR CROP PROGRESS, WEATHER REPORTS

Section Head Views Chemical Delivery, Seeding Progress in Ukraine /Ye. Chulakov; SILSKI VISTI, 6 May 91/ .....	88
---	----

## LIVESTOCK AND FEED PROCUREMENT

Equipment Problems in Forage Harvest /Y. Grigoryev; PRAVDA, 12 May 91/ .....	90
--	----

## CONSUMER GOODS, DOMESTIC TRADE

### GOODS PRODUCTION, DISTRIBUTION

Effect of Rising Prices on Trade Enterprises Discussed /S. Rylshchikova; TORGOVAYA GAZETA, 14 May 91/ .....	92
--	----

### PERSONAL INCOME, SAVINGS

New Shareholders Union Vice-President Interviewed in Moscow /Yu. Tvidiani; TORGOVAYA GAZETA, 11 May 91/ .....	93
--	----

## ENERGY

### ENERGY COMPLEX ORGANIZATION

Armenian Decree on Atomic Energy Plant Construction, Use /GOLOS ARMENII, 20 Apr 91/ .....	95
Nuclear Power Plants Threatened by Mining Area Subsidence /T. Denisov, B. Kochurov; TRUD, 15 May 91/ .....	95

## LABOR

RADYANSKA UKRAYINA Editors Decry Strike Damage /L. Berland; RADYANSKA UKRAYINA, 18 Apr 91/ .....	97
---	----

## TRANSPORTATION

### MOTOR VEHICLES, HIGHWAYS

Gorkiy Auto Plant Production Problems Scored /A. Yershov, V. Romanyuk; IZVESTIYA, 11 May 91/ .....	99
Tavriya Production Highlighted /S. Tarnavskaya; PRAVDA UKRAINY, 1 May 91/ .....	100
Parts Supply Shortages Hamper Tavriya Production /S. Troyan, V. Filippov; IZVESTIYA, 6 May 91/ .....	102

Motor Vehicle Fleet Statistics Cited [ZA RULEM No 1, Jan 91] .....	104
Azerbaijan Motor Vehicle Production Snags Detailed [A. Gasymov; BAKINSKIY RABOCHIY, 11 Apr 91] .....	104
Highway System Improvement Examined [G. Dontsov; PRAVDA, 15 May 91] .....	105

## RAIL SYSTEMS

New Administration To Monitor Rail Transport of Hazardous Material [V. Demyankov; IZVESTIYA, 9 May 91] .....	107
Railway Workers' Wages Increased, Minister Konarev Retires [V. Chuprin; RABOCHAYA TRIBUNA, 9 May 91] .....	108

**ECONOMIC POLICY, ORGANIZATION,  
MANAGEMENT**

**State Property Fund Explained**

91P50185A Moscow *PRAVDA* in Russian 17 May 91  
Second Edition p 2

[Interview with S.V. Assekritov, chairman of the SSR Union State Property Fund, by G. Galey: "Getting Ready for Privatization"]

[Text] The USSR President's Ukase on the appointment of S. Assekritov as chairman of the SSR Union State Property Fund was published in the press. We turned to him for firsthand information.

[Galey] Stanislav Vasilyevich! Our readers, and journalists are asking what is this organization, the SSR Union State Property Fund? What is its purpose?

[Assekritov] Soyuzgosfond is a government organization with the USSR Cabinet of Ministers, authorized to represent the interests of our State with respect to all-union property. Its main purpose is to develop and carry out a program of denationalization and privatization of all-union enterprises. The fund will organize work on appraising the enterprises' state property, together with worker collectives will determine the form of privatization, and it will act as a lessor and founder of joint-stock companies. As a representative of the government, it will perform the duties of a holder of state shares.

We suggest including heads of similar republic organizations on a board that will be created in Soyuzgosfond. By the way, such organizations have already been created in many republics, and have started working.

Denationalization is a big and difficult problem, but without resolving it a market cannot be created. This is why it's important that the fund start work as soon as possible.

[Galey] What is the number of employees?

[Assekritov] The number of employees has not been confirmed yet, but it will be no more than about 180-200 people.

[Galey] Can you say several words about yourself?

[Assekritov] I am 45 years old. I finished Moscow State University with an economics education. I started working as a financial inspector. I worked in the ministry, and spent 10 years in USSR Gosplan [State Planning Committee] and five years in the government apparatus. The last year I was deputy chairman of the USSR Council of Ministers State Commission on economic reform.

**INDUSTRIAL DEVELOPMENT,  
PERFORMANCE**

**Tyumen Oil Industry, Worker Problems Viewed**

91A0733A Moscow *RABOCHAYA TRIBUNA*  
in Russian 5 May 91 p 2

[Interview with Yu. Shafranik, chairman of the Tyumen Oblast Soviet, by RABOCHAYA TRIBUNA correspondent Vladimir Bogodelov in Tyumen: "Business Before Politics"]

[Text] The stormy events in the coal industry have placed the issues of the other extractive industries on the back burner. Meanwhile, the life of oil or gas workers is not any better than that of miners. They are equally oppressed by state requisitions which more and more frequently are not backed up by centralized deliveries. Similarly, the center holds down the prices of raw material whereas materials and equipment for production get more expensive with every passing day. Similarly, you can hardly buy anything in the shops of the cities and settlements where the "black gold" is produced, even if you have cards.

Here is the result: the volume of oil produced in Tyumen Oblast alone has declined by more than 10 million tons since the beginning of this year, compared to the same period of last year.

Due to the lack of work preparation, one-third of the brigades are idle on some oil fields. Recently, one of the local trade union leaders stated, in a fit of temper, on the pages of the oblast newspaper that even strikes become nonsensical under the circumstances—production is halted all by itself. At the last plenum of the branch trade union central committee, the Tyumen Oblast Committee of the trade union of oil workers emerged as one of the main initiators of making firm demands on the Union Government: to ensure the centralized supply of necessary material and food resources to enterprises, their employees, and members of their families, or else give them a legitimate right to themselves dispose of a segment of the hard-currency raw materials produced.

Local official authorities are siding more and more resolutely with production personnel.

Our correspondent met with the chairman of the Tyumen Oblast Soviet, Yu. Shafranik.

[Bogodelov] Yuriy Konstantinovich, so far strike committees and trade unions have issued ultimatums to the center in our country. In this case, it bore the signature of the top official of the oblast.

[Shafranik] Let us begin by stating that this is not our first official warning. As early as November, a session of the oblast soviet sent an address to the leadership of the country which referred to the critical situation in the oil and gas complex. Since then, we have repeatedly made our problems known. Recall, for example, the meeting in late January of the new USSR Cabinet of Ministers, with

the participation of the president of the country, which was devoted in its entirety to the situation in the oil industry. Therefore, we cannot be rebuked for embarking on, as you put it, the path of ultimatums.

[Bogodelov] What have the results been?

[Shafranik] A government commission headed by Union Deputy Prime Minister L. Ryabev, having familiarized itself with the situation, assured us that the Union Government would do everything within its power to have the supplier regions meet their obligations to us. Additional funds were promised for the development of the construction industry facilities, the Tyumen countryside, and the local food processing industry. Finally, we were assured that oil prices would be revised in the immediate future.

However, material resources and financing are the main issues at present. Neither of the two have been finalized to this day in our case; I mean not only the oil fields but the entire oblast, which we consider to be a unified economic complex. Many points are still unclear as far as the oblast budget is concerned; according to our calculations, it amounts to 240 million rubles [R].

Now about scenarios for solving these problems. They may differ—from a dictate with regard to the regions to which we deliver oil and gas, to establishing normal economic relations with them.

At present, we are raising the issue of setting up a Mineral Wealth Fund wherever we can. In the course of this, we count very much on support from both the Union and Russian Governments. We need assistance with the implementation of a concept for developing our region which was adopted by the oblast soviet in January. The main idea of this concept is to create a mechanism which makes it possible for the territory to receive fees for raw materials extracted and shipped beyond its borders.

[Bogodelov] Did you state these proposals to the members of the government commission? What was their attitude?

[Shafranik] In principle they agreed with us; at any rate, L. Ryabev, chairman of the commission, did. However, even he cautioned us that if the oblast is given an allocation of oil to be sold, the supplier regions will fleece us for all we are worth in the process of signing contracts, and for this reason, he said, it would be better not to hurry at present.

I agree that this danger exists. However, it appears that in this instance the people in the center are much more concerned about losing one of the last opportunities to influence the country's economy by relinquishing the monopoly on oil. However, there are no other variants! Counting on the possibility of enlightening the suppliers through the Cabinet of Ministers and thus making up arrears to us is an illusion.

[Bogodelov] What real steps is the soviet itself taking toward the new economic policy which we have discussed?

[Shafranik] We are indeed trying to take them. We are creating the Fund of Mineral Wealth, already mentioned. We are forming a market structure. For example, the oblast executive committee was one of the main initiators in the creation of the Tyumen Commodity and Securities Exchange. The stated charter capital of the exchange is R50 million.

In the provinces, this is quite a respectable amount. However, ours is a good-size region. If we succeed in getting an allocation of oil to be sold, a civilized mechanism for selling it will be required. Practice indicates that our side frequently loses advantage, even if it does not suffer losses, in the course of barter in which extraction enterprises themselves engage at present.

There is one more serious problem: Disconnection...

[Bogodelov] You know, my latest assignment in the north also left me with the impression that not only okrugs, rayons, and cities, but even individual enterprises are prepared to declare themselves sovereign in order to save themselves amid the market upheaval.

[Shafranik] We have set out with great enthusiasm to reorganize, and even altogether abolish ministries! Also, this was done with approval from the very top. I am not against this; changes were in order. However, the process, in essence, advanced spontaneously; nobody had a clear idea of what the outcome was going to be. It so happens that many industries are on the brink of collapse at present, especially construction. Oil and gas-producing industries are no exception. Enterprises which hungered for independence now suffer from it themselves more than anyone else because they were left to their own devices as far as a multitude of problems were concerned. This is why our package of measures for overcoming the crisis includes proposals to create renewed branch structures.

Also, we will not ensure radical changes in the economy of the oblast if the Yamal-Nenets and Khanty-Mansi Autonomous Okrugs isolate themselves from the south of Tyumen Oblast. Our local politicians and economic managers have, after all, come to the conclusion that the oblast is indeed an integrated economic organism, and the issues of the gas-producing Yamal or the oil-producing Ob area should not be separated from those of our agricultural zone.

[Bogodelov] You have already mentioned the position of the Union Government on oil issues. What is the position of the republic government?

[Shafranik] Our actions meet with a response from Silayev and his closest aids. This is understandable. If the oil of Siberia becomes a Russian asset, this will add substantially to the authority of the republic leadership. However, the responsibility for supplying everything

needed to the oil fields and the oblast comes in conjunction with the right to manage hard-currency raw materials. However, even appropriate structures have not yet been formed in the Russian Council of Ministers.

[Bogodelov] How much time are they going to take "at the top" getting "ripe" to resolve the Tyumen issues?

[Shafranik] I believe that this will take at least several more months. Our problem is that we still waste too much time and too much effort in politics. I became convinced of this yet again observing the work of the extraordinary congress of Russian deputies. Adult

people came to the podium and began to heatedly persuade the deputy corps to take the positions of their groups, factions, and parties. However, when one tries to find out whether there is any specific economic program behind this agitation it turns out that, alas, there is nothing but slogans. However, in the West, which everyone is eager to refer to at present, it is inconceivable for any party to rush into an election struggle without a clear-cut economic platform. In our country, fighting for power is politics, and after you come to power, again nothing but politics.

When will we start working on the economy?

## POLICY, ORGANIZATION

### Hard Currency Banking Permitted in Uzbekistan 91P50189A

[Editorial Report] Tashkent PRAVDA VOSTOKA in Russian of 27 February 1991 on page 2 in a 500-word article authored by PRAVDA VOSTOKA correspondent A. Chernov reports that Uzinbank has become the first commercial bank in Uzbekistan to be licensed to carry out hard currency transactions.

Agreements have been drawn up establishing relations between Uzinbank and USSR, German, Swiss and FRG banks. Several foreign banks have agreed to help Uzinbank in establishing a material-technical base and in training cadres.

Uzbekistan is considered one of the most favorable countries in the USSR for the investment of foreign capital. Uzinbank intends to guarantee foreign investors and joint enterprises up to 50 percent of the value of projects. Director of the bank Yuriy Gordeyev states that given the current situation in the republic, there is no special risk involved to those wishing to invest in the republic.

### Ukrainian Law on Property Issued

#### Text of Law

914A07004 Kiev PRAVDA UKRAINY in Russian  
23 Apr 91 pp 2-3

[Text of UkrSSR Law: "On Property"]

[Text] The Ukrainian State is sovereign with regard to regulation of all property relationships within its territory.

This law on property is aimed at realization of the Ukrainian Declaration of State Sovereignty.

The goal of the present law is to ensure citizens' free economic self-determination and use of the republic's natural, economic, scientific-technical and cultural potential to bring about improvement in its people's standard of living.

#### Section I. General Principles

##### Article 1. The Ukraine's national wealth is the property of its people.

1. The Ukraine's national wealth—i.e., land, underground resources, air and water resources and other resources located within the territory of the UkrSSR, natural resources on its continental shelf and in its exclusive (maritime) economic zone, fixed production capital in industry, construction, agriculture, transportation, communications, housing, other buildings and structures, financial resources, scientific advances, and the portion of all-Union wealth created by the efforts of

the people of the Ukraine, specifically all-Union diamond and currency repositories, the gold reserve and national, cultural and historical treasures, including those located outside the bounds of the Ukraine—is the property of the people of the Ukraine.

2. The Ukraine's national wealth guarantees the right of each citizen to receive a share of public consumption funds and the right to social protection, specifically in the event of inability to work or unemployment, as well as the right of each worker to participate personally in supervision of the economy.

##### Article 2. The Right to Property

1. The right to property consists of legally-regulated social relationships pertaining to the possession, use and disposition of property.

2. The right to property in the UkrSSR is protected by law. The state guarantees the stability of legal relationships involving property.

3. Every citizen of the UkrSSR has a right to possess, use and dispose of property either individually or in conjunction with others.

4. Property in the UkrSSR functions in the following forms: individual (personal or private labor), collective and state. All forms of property are equal.

5. Property in the UkrSSR exists in various forms. The UkrSSR creates equal conditions for the development of all forms of property and the protection thereof.

##### Article 3. Subjects of the Right to Property

1. The following are recognized as subjects of the right to property in the UkrSSR: the people of the Ukraine, citizens, corporate bodies and the state.

Subjects of the right to property in the UkrSSR may in accordance with the present law also be citizens of other republics, the USSR, other states, the corporate bodies thereof, joint ventures, international organizations, citizens of other states and stateless individuals.

2. Property may belong to citizens, corporate bodies and states on the basis of the right to common (partial or joint) ownership.

3. It is permitted to combine property owned by citizens, corporate bodies and the state for the purpose of creating mixed forms of ownership, including joint ventures involving the corporate bodies and citizens of other states.

4. Citizens, corporate bodies and the UkrSSR may own property located in the territory of other states.

##### Article 4. Exercise of the Right to Property

1. A property owner may at his discretion possess, use or dispose of property belonging to him.

2. A property owner has the right to perform any actions with regard to his property which are not in violation of the law. He may use said property to carry on commercial activity or other activities not forbidden by law. Specifically he may transfer it with or without compensation to the possession or use of other individuals.

3. All property owners are guaranteed equal terms under which to exercise their rights.

4. The state does not interfere directly in the commercial activities of the subjects of the right to property.

5. A property owner is obligated in the exercise of his rights not to cause harm to the environment and not to violate the law or the legally-protected interests of citizens, corporate bodies and states.

When exercising his rights and performing his obligations a property owner has an obligation to comply with society's moral principles.

6. In certain cases and according to procedures stipulated by UkSSR legislative acts a property owner's activities may be restricted or terminated, or a property owner may be required to permit limited use of his property by other individuals.

#### **Article 5. Use of Citizens' Labor When Exercising the Right to Property**

1. A property owner has a right to hire citizens' labor on a contractual basis.

2. A property owner is obligated to provide the citizen whose labor he employs the social and economic guarantees and rights stipulated by law.

#### **Article 6. Use by a Property Owner of Property Belonging to Him for Entrepreneurial Purposes**

1. A property owner has a right to use property belonging to him for entrepreneurial purposes.

2. The fruits of commercial use of property (i.e. goods produced or income received) belong to the owner of said property, unless otherwise stipulated by law or contract.

3. The owner of means of production and other property has a right to establish according to procedures stipulated by law an enterprise or organization which constitutes a corporate body.

A corporate body exercises the right to possess, use or dispose of a property owner's property which has been placed under its control in accordance with its charter (or statute).

#### **Article 7. The Responsibility of Property Owners and Corporate Bodies Created by Them With Regard to Their Obligations**

1. A property owner is responsible for his obligations to the full extent of the property which may in accordance with the law be subject to expropriation at the demand of creditors.

2. A corporate body established by a property owner is responsible for its obligations to the full extent of the property under its control which may in accordance with law be subject to expropriation at the demand of creditors.

3. A property owner is not responsible for the obligations of corporate bodies established by him, and they are not responsible for the property owner's obligations, except in certain cases specified by UkSSR legislative acts.

#### **Article 8. UkSSR Property Legislation**

1. The present law establishes basic principles regarding property in the UkSSR.

2. Property relationships not regulated by the present law are regulated by the UkSSR Civil Code and other legislative acts.

3. Special stipulations governing the exercise of the right to ownership of national, cultural and historical treasures are to be determined by special UkSSR legislation.

4. Procedures governing the use of natural sites located within the territory of the UkSSR and in adjoining states are to be determined by international treaties ratified by the UkSSR.

#### **Section II. The Exclusive Property Right of the People of the Ukraine**

##### **Article 9. Objects of the Exclusive Property Right of the People of the Ukraine**

The land, underground resources, air and water resources and other natural resources of the Ukraine's continental shelf and exclusive (maritime) economic zone are objects of exclusive ownership by the people of the Ukraine.

##### **Article 10. Exercise by the People of the Ukraine of Their Exclusive Property Right**

1. The people of the Ukraine, as the sole source of state authority in their republic, have a right to resolve matters pertaining to the legal status of natural sites and the use and protection thereof by means of referendums.

2. The people of the Ukraine exercise their property right to the sites listed in Article 9 of the present law through the UkSSR Supreme Soviet, as well as through local soviets of people's deputies.

3. Every citizen of the UkSSR individually or through social organizations, labor collectives and organs of territorial self-government has a right to participate in

consideration by soviets of people's deputies of matters pertaining to the use and protection of natural resources and to demand that other citizens and organizations comply with natural resource use and environmental protection regulations, and also to demand the banning of activities by enterprises, institutions, organizations and individuals citizens which harm the environment.

4. Every citizen has a right under the laws of the UkSSR to use natural sites to satisfy personal needs.

5. Every citizen is obligated to do everything possible to protect the land, air, water and other resources and to encourage their restoration as the foundation of his own life and the life of society.

### Section III. The Right to Individual Property

#### Article 11. Subjects of the Right to Individual Property

1. Subjects of the right to individual property in the UkSSR are citizens of the Ukraine, citizens of other union republics, foreign citizens and stateless individuals.

2. Citizens of other union republics, foreign citizens and stateless individuals exercise rights and bear responsibility with regard to property belonging to them within the territory of the UkSSR on an equal footing with the citizens of the Ukraine unless otherwise stipulated by UkSSR legislative acts.

#### Article 12. Basis for Origination of the Right to Individual Property

1. Citizens' labor is the basis for the creation and augmentation of their property.

2. A citizen acquires a right to ownership of income from participation in public production, individual labor, conducting of entrepreneurial activity and deposit of funds in lending institutions and stock companies, as well as to property received through inheritance or other arrangements not in violation of the law.

#### Article 13. Objects of the Right to Individual Property

1. Objects of the right to individual property are houses, apartments, personal items, dachas, garden houses, household items, producing and draft livestock, plantings on a garden plot, means of production, goods produced, means of transportation, money, stocks and other securities, as well as other property intended for consumption or use in production.

2. Objects of the right to ownership by citizens are scientific works, works of literature and the arts, discoveries, inventions, industrial models and other fruits of intellectual labor.

3. The composition, quantity and value of property which may be owned by citizens is unlimited, except in cases specified by law.

4. UkSSR legislative acts may establish special procedures governing citizens' acquisition of certain types of property, as well as types of property which may not be owned by citizens.

#### Article 14. Granting of Land to Citizens as a Lifelong, Bequeathable Possession

In order to maintain a peasant (farmer) farm or personal farm plot or orchard, build and service housing and meet other needs provided for by law citizens are granted land as a lifelong, bequeathable possession.

The procedures and terms for the granting of land as a lifelong, bequeathable possession, as well as the size of such parcels of land, are to be determined by the UkSSR Land Code.

#### Article 15. Acquisition of Apartments and Other Property by Citizens

A member of a housing, housing construction, dacha, garage or other cooperative or association who has contributed his or her full share for an apartment, dacha, garage or other structure or space granted to that person for use acquires the right to own that property.

A person renting housing in a building comprising part of state or public housing and members of that person's family have a right to acquire as personal property the apartment or house in question by means of purchase or on other terms stipulated in UkSSR legislation.

A citizen who has become the owner of such property has a right to dispose of it as his discretion: to sell, exchange, rent or conclude other agreements not forbidden by law.

#### Article 16. Spousal Property Rights

Property acquired by spouses during the time of their marriage belongs to them based on the right to common joint property. Their exercise of that right is regulated by the present law and the UkSSR Marriage and Family Code.

#### Article 17. Citizens' Right to Common Property

1. Property acquired as a result of the joint labor of family members is their common joint property unless otherwise stipulated by a written agreement between them.

2. Property acquired as the result of joint labor by citizens united for a common purpose is their common partial property unless otherwise stipulated by a written agreement between them. The size of each person's share is determined by that person's contribution of labor.

#### Article 18. Property of Individuals Operating a Peasant (Farmer) Farm

The property of individuals running a peasant (farmer) farm may include the items listed in Article 13 of the present law.

Those individuals' property belongs to them based on the right of common joint ownership unless otherwise stipulated by a written agreement between them.

#### **Article 19. Exercise of the Right to Individual Property**

1. Citizens have a right to use property belonging to them to carry on commercial activity and other activities not forbidden by law.
2. Citizens have a right to transfer property belonging to them to other citizens, corporate bodies or the state for temporary use by the latter.
3. Citizens have a right to estrange property belonging to them. The terms and procedures governing estrangement of national, cultural and historical treasures are to be determined by special UkSSR legislation.
4. The right to individual property may be bequeathed to citizens, corporate bodies or the state.

### **Section IV. The Right to Collective Property**

#### **Article 20. Subjects of the Right to Collective Property**

Subjects of the right to collective ownership are labor collectives at state enterprises, tenants' collectives, collective enterprises, cooperatives, stock companies, commercial societies, trade unions, political parties and other public associations, religious organizations and other organizations which constitute corporate bodies.

#### **Article 21. Basis for Origination of the Right to Collective Property**

The right to collective property originates with the voluntary pooling of the property of citizens and corporate bodies for the purpose of establishing cooperatives, stock companies and other commercial societies and associations; transfer of state enterprises to lease arrangements; purchase of state property by workers' collectives; transformation of state enterprises into stock companies and other companies; uncompensated transfer of the property of a state enterprise to ownership by its labor collective; state subsidies; contributions by organizations and citizens; and other state legal agreements.

#### **Article 22. Objects of the Tenants' Collectives Property Right**

Objects of the right to ownership by tenants' collectives are the goods produced, income received or other property acquired by means not forbidden by law.

#### **Article 23. Objects of the Right to Ownership by a Collective Enterprise**

1. The property of a collective enterprise includes items produced, income received and other property acquired by means not forbidden by law.

2. The property of a collective enterprise is determined by the deposits of its personnel. The size of a contribution by a personnel member to the property of a collective enterprise is determined in relation to that person's labor participation in the operations of a state enterprise or leased enterprise, as well as participation in increasing the property of a collective enterprise following its establishment.

3. Deposits by personnel of a collective enterprise accrue interest in an amount determined by the labor collective based on the results of the enterprise's commercial activities.

4. A personnel member who has broken off labor relations with the enterprise, as well as the heirs of a deceased member, will be paid the value of the deposit.

#### **Article 24. Objects of the Right to Cooperative Property (Kolkhozes)**

1. Objects of the right to cooperative property (kolkhozes) are buildings, structures, and the monetary and other contributions of kolkhoz members; the produce produced by them; income received as a result of the sale thereof and other activities provided for by the charter of the cooperative (kolkhoz), as well as other property obtained by means not forbidden by law. Every member of a cooperative (kolkhoz) has a right to a share of the income received from his or her share.

2. Within the property belonging to a cooperative (kolkhoz) the shares of each member of that cooperative (kolkhoz) are determined. In the event of voluntary withdrawal from a cooperative (kolkhoz) a citizen has the right to distribution of his or her share of the property of the cooperative (kolkhoz) in kind, in money or in securities.

3. Upon liquidation of a cooperative (kolkhoz) the property which remains following clearing of accounts with the budget, banks and other creditors is to be distributed among the members of the cooperative (kolkhoz).

#### **Article 25. Objects of a Stock Company's Property Right**

1. Objects of a stock company's property right are property obtained through the sale of stock, property obtained through the company's commercial activities and other property obtained by means not forbidden by law.

2. Stockholders may be enterprises, institutions, organizations, state organs, personnel of the stock company in question and other citizens, unless otherwise stipulated by UkSSR legislative acts or the company's charter.

3. By a general decision of its labor collective and a state organ authorized to do so a state enterprise may be transformed into a stock company through purchase of stocks amounting to the entire value of the enterprise's

property. Funds obtained from the sale of stock are paid into the appropriate budget following the payment of the state enterprise's debts.

#### **Article 26. Objects of a Commercial League's Property Right**

1. Objects of the property right of a commercial league [khozyaystvennoye tovarishchestvo] which constitutes a corporate body are monetary and other property contributions by its members, as well as property obtained as a result of commercial activity, and other property obtained by means not forbidden by law.
2. The contribution of the members of a commercial league may be deposited in fixed capital and circulating capital, cash funds and securities. A member of a commercial league has the right, with general agreement, to transfer the right to add property belonging to him or the fruits of his intellectual labor to his contribution account.

#### **Article 27. Objects of the Property Right of a Commercial Association**

1. The object of the property right of a commercial association [khozyaystvennoye obyedinyeniye] of enterprises and organizations (a concern, association, sector or intersector regional association) is property voluntarily transferred to it by enterprises and organizations, as well as property acquired as a result of commercial activity and by other means not forbidden by law.
2. The property of the members of a commercial association does not constitute an object of the association's ownership.
3. The property of a commercial association also includes the property of enterprises established by the association. Those enterprises do not have a right to leave the association without its consent.
4. The association is not responsible for the obligations of the enterprises and organizations which comprise it, and they are not responsible for the obligations of the association or each other, unless otherwise stipulated by their charters (statutes) or by contract between them.
5. Property remaining after termination of a commercial association's operations is to be divided between the enterprises and organizations which comprised the association.

#### **Article 28. Objects of the Property Right of Trade Unions, Political Parties and Other Public Associations**

1. Objects of the property right of public associations, including trade unions, charitable funds and other social funds, are property used for cultural, educational and therapeutic purposes, money, stocks, other securities,

housing, facilities used for production-related and non-production-related purposes, equipment, means of transportation and other property essential to the performance of the activities stipulated by such organizations' charters (statutes).

Public associations may own enterprises in accordance with the goals set forth in their charters and according to procedures stipulated by UkSSR legislative acts.

2. Objects of the property right of political parties and organizations are buildings, facilities, money and other property obtained in a legal manner and necessary exclusively for the performance of charter-specified functions.
3. UkSSR legislative acts may determine types of property which for reasons of state or public security or else in accordance with the UkSSR's international treaties may not be owned by public associations.

#### **Article 29. Objects of Religious Organizations' Right to Property**

1. Objects of religious organizations' right to property are ritual sites, objects used in religious rituals, items used for charitable, cultural, educational and production-related purposes, housing, money and other property essential to the performance of those organizations' operations.
2. Religious organizations have a right to own property acquired by them with their own funds or funds donated by citizens and organizations, as well as property transferred to them by the state or acquired by other means not forbidden by law.
3. Property related to the performance of religious rituals cannot be the subject of creditors' claims.

#### **Article 30. Exercise of the Right to Collective Property**

1. A collective owner independently possesses, uses and disposes of the objects of ownership belonging to that owner.
2. The right to collective ownership is exercised by a property owner's highest administrative organs (general assemblies, conferences, congresses, etc.).
3. Certain functions pertaining to commercial management of collective property may be delegated by the property owner's highest administrative organs to organs created by them.

#### **Section V. The Right to State Property**

##### **Article 31. State Property in the UkSSR**

State property in the UkSSR includes general state (republic) property and the property of territorial administrative units (municipal property).

### Article 32. Subjects of the Right to State Property

1. The subject of the right to state (republic) property is the state, in the form of the UkSSR Supreme Soviet.
2. Subjects of the right to municipal property are territorial administrative units, in the form of oblast, rayon, city, settlement and village soviets of people's deputies.

### Article 33. Management of State Property

1. Management of state property on behalf of the people (or the population of a territorial administrative unit) is carried out, as appropriate, by the UkSSR Supreme Soviet or UkSSR local soviets of people's deputies, as well as by state organs duly authorized by them.
2. State organs authorized to manage state property resolve matters relative to the establishment of enterprises and definition of the goals of their operations, reorganization and liquidation, monitor the efficiency of use and protection of state property entrusted to them, and exercise other powers in accordance with UkSSR legislative acts.

### Article 34. Objects of the Right to General State (Republic) Property

1. General state (republic) property is comprised of: property necessary for the operations of the UkSSR Supreme Soviet and state organs formed by it; property of the Armed Forces, state security organs, border troops and internal troops; defense facilities; the unified energy system; public transportation, communications and information systems of general state (republic) significance; republic budget funds; the republic national bank, other state republic banks and their institutions and credit resources created by them; republic reserve funds, insurance funds and other funds; property of higher and secondary specialized educational institutions; property of state enterprises; facilities in the social and cultural realm, or other property which comprises a physical basis for the Ukraine's sovereignty and ensures its economic and social development.
2. General state (republic) property may also include other property transferred to UkSSR ownership by other states, as well as by corporate bodies and individual citizens.

### Article 35. Objects of the Right to Municipal Property

1. Objects of the right to municipal property are property necessary for the operations of the corresponding soviets or organs formed by them; local budget funds, the state housing fund, and facilities used in the maintenance of housing and municipal services; property of institutions in the fields of public education, culture, health care, trade and consumer services; enterprises' property; local energy systems, transportation and communication and information systems, including nationalized property

transferred to certain enterprises, institutions and organizations; and other property necessary to ensure the economic and social development of the area in question.

2. Municipal property also includes property transferred to ownership by an oblast, rayon or other territorial administrative unit by other subjects of the right to property.

### Article 36. Limitations on the Liability of Subjects of the Right to State Property

The state and its territorial-administrative units are not responsible for each other's obligations.

### Article 37. Legal Procedures Regarding the Property of a State Enterprise

1. Property which is state-owned and has been assigned to a specific state enterprise belongs to that enterprise on a basis of full commercial management, except in cases stipulated by UkSSR legislation.

In its exercise of the right to full commercial management an enterprise possesses, uses and disposes of the aforementioned property, performing in regard to it any and all actions which are not in violation of the law and the goals of the enterprise's operations. Regulations regarding the right to property are applicable to the right to full commercial management, unless otherwise specified in UkSSR legislative acts.

2. In the event that a state organ authorized to manage state property decides to reorganize or liquidate a state enterprise, the enterprise's labor collective has a right to demand that the enterprise be leased or transformed into a new enterprise based on collective ownership.

3. If a state enterprise is deemed insolvent (bankrupt) its labor collective has a right to demand that the enterprise be leased or transformed into a new enterprise based on collective ownership, upon the conditions that that enterprise will assume the bankrupt enterprise's debts and that the consent of creditors is obtained.

4. Disputes which arise between a state organ and a labor collective in the cases listed in points 2 and 3 of the present article are to be resolved by state arbitration.

### Article 38. Property Belonging to Members of a State Enterprise's Labor Collective

1. The profits remaining in a state enterprise following payment of taxes and other budget payments (net profit) remains at the disposal of the enterprise's labor collective. A portion of this profit becomes the property of the members of the labor collective according to procedures and in an amount determined by UkSSR legislative acts.

2. The sum of profits belonging to each member of a labor collective is based upon that member's contribution. Stocks may be issued for the amount of a labor collective member's contribution at the member's request.

The enterprise pays annual interest (dividends) on the contribution (stock). The size of the portion of profits channeled into payment of interest (dividends) is determined by an agreement between the enterprise's administration and its labor collective.

3. With the consent of a labor collective member the member's contribution (in full or in part) may be used for the construction or acquisition of housing or other facilities to be used for social and cultural purposes. Interest is not paid on this portion of the contribution.

A labor collective member has a right to receive his contribution (or the value of his stock) according to procedures and within time limits established by a joint decision of the administration and the labor collective.

Upon liquidation of an enterprise the sum of the contribution (or value of stock) is paid out to the members of the labor collective (or their heirs) out of property remaining after settling of accounts with the enterprise's budget, banks and other creditors.

#### **Article 39. Legal Regulations Governing Property Held by a State Institution**

1. Property which constitutes state property and which has been assigned to a state institution (or organization) which is included in the state budget belongs to that institution on a basis of operational management.

2. State institutions (organizations) which are included in the state budget may in cases specified by UkSSR legislative acts conduct commercial activity and have a right to dispose independently of income from such activity, as well as property obtained with that income.

3. A state institution (organization) is responsible for its obligations with all the means at its disposal. If a state institution (organization) does not have adequate means to meet its obligations the responsibility for those obligations falls upon the property owner.

#### **Section I. The Right to Intellectual Property**

#### **Article 40. Subjects of the Right to Intellectual Property**

Subjects of the right to intellectual property are defined as citizens, corporate bodies and the state.

#### **Article 41. Objects of the Right to Intellectual Property**

Objects of the right to intellectual property are works of science, literature and the arts, discoveries, inventions, industrial models, efficiency proposals, scientific research findings and other fruits of intellectual labor.

#### **Article 42. UkSSR Legislation Regarding Intellectual Property**

Relationships pertaining to the creation and use of objects of intellectual property are regulated by the UkSSR Civil Code and special UkSSR legislation.

#### **Section VII: The Right of Other Soviet Republics, the USSR, Other States, Their Corporate Bodies, Joint Ventures and International Organizations to Property**

#### **Article 43. The Right of Other Union Republics and the USSR to Property Within the Territory of the UkSSR**

In accordance with treaties between the UkSSR and other Soviet republics and between the UkSSR and the USSR objects of ownership by those republics and the USSR may be located and used in the UkSSR.

#### **Article 44. Property of Other States**

Other states have a right to own such property within the territory of the UkSSR as is essential to the conducting of diplomatic, consular and other international relations, in cases and according to procedures established by international treaties and UkSSR legislative acts.

#### **Article 45. Property of International Organizations and the Corporate Bodies of Other States**

1. International organizations and the corporate bodies of other states have a right to own houses, facilities and other property of a social, cultural and production-related nature within the territory of the UkSSR.

2. UkSSR legislative acts may specify types of property which may not be owned by the aforementioned organizations and bodies.

#### **Article 46. Property of Joint Ventures**

Joint ventures involving corporate bodies and citizens of the UkSSR and corporate bodies and citizens of other states may own such property within the territory of the UkSSR as is essential for the conducting of the activities set forth in their founding documents, unless otherwise stipulated by UkSSR legislative acts.

#### **Article 47. Legal Regulations Governing Property Which is the Object of the Right of Other States, Their Corporate Bodies, Joint Ventures and International Organizations to Property**

The legal regulations governing property located in the UkSSR which is an object of the right of other states, their corporate bodies, joint ventures and international organizations to property are to be determined by UkSSR legislative acts, unless otherwise stipulated by international treaties.

### Section VIII. Protection of the Right to Property

#### Article 48. General Principles

1. The UkSSR provides equal legislative guarantees of the right to property to citizens, organizations and other property owners.
2. A property owner may demand rectification of any violation of his rights, even if the violation did not result in deprivation of possession or compensation for damages caused to him.
3. Protection of the right to property is carried out by the courts, state arbitration or an arbitration tribunal.
4. In the event that the UkSSR passes a legislative act which terminates a right to property the state must compensate the property owner for losses incurred. Losses are to be compensated for in full in accordance with the real value of the property at the moment the right to property was terminated, including potential income.
5. Principles regarding protection of the right to property also extend to an individual or body which, though not the property owner, possesses property on a basis of full commercial management, operational management, lifelong bequeathable possession or some other basis for which provision is made by law or contract. That individual or body has a right to protection of his possession against the property owner as well.

#### Article 49. The Legality of Property Ownership

Possession of property is considered legal unless otherwise determined by a court, arbitration agency or arbitration tribunal.

#### Article 50. Demanding and Obtaining Return of Property From Illegal Possession by Another

1. The possessor has a right to demand the return (vindication) of his property from illegal possession by another.
2. A three-year statute of limitations exists on demanding and obtaining return of property from illegal possession by another.

#### Article 51. Protection of the Right to Lifelong Bequeathable Possession of Land

1. A citizen may not be deprived of the right to lifelong bequeathable possession of a parcel of land against his will except on the basis of a court decision and in cases specified by UkSSR legislative acts.
2. In the event of alienation of a parcel of land by court decision to meet state and public needs the former owner will be given in exchange another parcel of land equal in quality to the first.
3. Losses incurred by the land owner are subject to compensation on the customary terms.

4. The owner of a parcel of land has a right to compensation in connection with reduction of land quality as a result of actions by enterprises and organizations which cause degradation in the land's ecological condition. Disputes concerning the right to compensation and the extent of compensation are to be resolved by a court.

#### Article 52. Protection of a Property Owner's Rights in the Event of Alienation of a Parcel of Land Upon Which Property Belonging to Him is Located

Termination of the right to own a home, other buildings and structures and plantings in connection with alienation of the parcel of land on which they are located is permissible only in cases and according to procedures stipulated by UkSSR legislative acts and with prior compensation in an amount specified in Article 48, Point 4 of the present law.

In the event that the property owner disagrees with the decision resulting in termination of the right to property that decision may not be implemented until the dispute has been resolved by a court, state arbitration organ or an arbitration tribunal. All matters pertaining to compensation to the property owner for losses incurred are also to be resolved during consideration of the dispute.

#### Article 53. Protection of Homeowners' Rights

The owner of a home has a right to compensation in connection with a decrease in the home's value caused by the actions of enterprises and organizations, including those resulting in a higher level of noise and environmental pollution in the area of the home.

#### Article 54. Protection for the Interests of a Property Owner in the Event of Accidents and in Other Emergency Situations

In the event of technological and ecological disasters and in other emergency situations which preclude the possibility of the property owner exercising his right to possess, use and dispose of property, he is to receive compensation according to procedures established by UkSSR legislation for the value of the property in the amount specified by Article 48, Point 4 of the present law, or given other property of equal value.

#### Article 55. Cases of Deprivation of the Right to Property

1. A property owner may not be deprived of the right to his property except in cases provided for by the present law and other UkSSR legislative acts.
2. Confiscation of property from a property owner is permitted upon the levying of a claim on that property stemming from the property owner's obligations in cases and according to procedures established by the present law as well as the UkSSR Civil Code and Civil Procedural Code.

3. In emergency situations, i.e., in the event of natural disasters, accidents, epidemics and epizooties, by decision of organs of state authority property may in the public interest be taken (requisitioned) from a property owner according to procedures and on terms specified by UkSSR legislative acts, with payment to the property owner of the value of the property as determined by Article 48, Point 4 of the present law.

In cases for which provision has been made by UkSSR legislative acts compensated expropriation of property from its owner is permitted on the basis of a decision by a court or other authorized organ (or official). The property owner is to be paid the value of the property in accordance with procedures and amounts set forth in UkSSR legislative acts.

4. In cases provided for in UkSSR legislative acts property may be expropriated without compensation (confiscated) from the property owner by the decision (sentence) of a court, state arbitration agency or other authorized organ (or official) as a sanction for violation of the law.

#### **Article 56. Liability of State Organs for Interference in the Exercise of a Property Owner's Legal Rights**

No state organ has a right to interfere in the exercise of a property owner's legal rights with regard to the possession, use or disposition of his property or to establish any supplementary obligations or restrictions not set forth in UkSSR legislative acts; the above also extends to the individuals and bodies listed in Article 48, Point 5 of the present law.

State organs bear property liability for damages caused by their illegal interference in the exercise by a property owner or the aforementioned individuals and bodies of their legal rights to possess, use or dispose of property; this liability will be in the amount stipulated in Article 48, Point 4 of the present law.

#### **Article 57. Liability of State Organs for Promulgation of Acts Which Violate Property Owners' Rights**

If as a result of the promulgation of an act by a state administrative organ or local organ of state authority which is not in compliance with the law the rights of a property owner or other individuals and bodies to possess, use or dispose of property belonging to them are violated, then that act is considered invalid upon suit by the property owner or other individual or body whose rights have been violated.

Losses incurred by a citizen, organization or other individual or body as a result of promulgation of the aforementioned acts are subject to compensation in the amount specified in Article 48, Point 4 of the present law out of funds in the possession of the organ of authority or administration in question.

[signed] *L. Kravchuk, UkSSR Supreme Soviet Chairman, Kiev, 7 February 1991*

#### **Decree on Law's Implementation**

914A0700B Kiev *PRAVDA UKRAINY* in Russian  
23 Apr 91 p 3

[UkSSR Supreme Soviet Decree: "On Implementation of the UkSSR Law: 'On Property'"]

[Text] The UkSSR Supreme Soviet hereby **decrees**:

1. Implementation of the UkSSR law: "On Property" shall begin on 15 April 1991.

2. In the future until such time as UkSSR legislation has been brought into accordance with the UkSSR law: "On Property" current UkSSR legislative acts will be applied insofar as they are not contrary to the present law. Furthermore, decisions by the UkSSR Government on matters which under this law can only be regulated by legislative acts and which were issued prior to the implementation of the present law will remain in effect until the passage of appropriate legislative acts.

3. The UkSSR law: "On Property" is applicable to legal relationships which originate after the start of implementation of the law, i.e., as of 15 April 1991.

As for legal relationships which originate prior to 15 April 1991, the UkSSR law: "On Property" is applicable to those rights and obligations which arise following the start of implementation of the law.

The principles in Article 15 of the present law are applicable to legal relationships which originate both before and after 15 April 1991.

4. Regulations contained in the UkSSR law: "On Property" and those provided for in the USSR law: "On Property in the USSR" are applicable from the day of implementation of the latter law, i.e., as of 1 July 1990.

5. By 1 May 1991 the UkSSR Council of Ministers shall in conjunction with the government of the Crimean ASSR and the ispolkoms of oblast soviets of people's deputies and the Kiev City Soviet define the property of the UkSSR and the Crimean ASSR, the oblasts and the city of Kiev. In doing so it should be taken into consideration that the property of the Crimean ASSR, the oblasts and the city of Kiev includes, in addition to the property of enterprises, institutions and organizations under republic (ASSR), oblast (city) jurisdiction, the property of enterprises, institutions and organizations under all-Union and republic (UkSSR) jurisdiction which are transferred to ownership by the Crimean ASSR, the oblasts and the city of Kiev.

It is hereby established that the division of property between the Crimean ASSR and the ASSR's territorial administrative units is to be carried out according to procedures established by the legislative acts of that republic, based on the principles set forth in the first part of this article. Division of property between oblasts and the city of Kiev and their corresponding territorial-administrative units is to be carried out in conjunction

with the ispolkoms of lower-level soviets of people's deputies, based on the same principles. Property necessary to meet the social and economic needs of people in the corresponding territorial administrative units is subject to transfer to municipal ownership by 1 July 1991.

6. Matters placed by the UkSSR law: "On Property" under the jurisdiction of the courts and state arbitration and cases not completed by administrative and other organs as of 15 April 1991 are subject to consideration by courts and state arbitration organs in accordance with their established jurisdiction.

7. The UkSSR Council of Ministers is hereby instructed to:

1. submit the following drafts to the UkSSR Supreme Soviet for consideration in 1991:

—a draft of UkSSR legislative acts pertaining to intellectual property;  
—a draft of a legislative act which will list types of property which may not be owned by citizens, public associations, international organizations and the corporate bodies of other states, as well as special procedures governing acquisition by citizens of the right to own certain types of property;

2. submit to the UkSSR Supreme Soviet by 15 June 1991 proposals regarding measures to bring UkSSR legislative acts into accordance with the UkSSR law: "On Property";

3. bring UkSSR Government decisions into accordance with the UkSSR law: "On Property" by 1 July 1991;

4. carry out review and repeal by 15 July 1991 by UkSSR ministries, state committees and agencies of their standardizing acts, including instructions, which are counter to the aforementioned law.

[signed] *L. Kravchuk, UkSSR Supreme Soviet Chairman, Kiev, 26 March 1991*

### **Ukrainian Law on Employment of Population**

#### **Text of Law**

914.07.13A Kiev PRAVDA UKRAINY in Russian  
19 Mar 91 pp 2-3

[Text of "Law of the Ukrainian Soviet Socialist Republic: 'On Employment of the Population'"]

[Text]

#### **Law of the Ukrainian Soviet Socialist Republic: "On Employment of the Population"**

In the conditions of a market economy and the equality of various forms of property, the present Law sets forth the legal, economic, and organizational foundations for the employment of the population of the Ukrainian SSR and its protection against unemployment, as well as

social guarantees on the part of the state in the realization by citizens of their right to work.

#### **Part I**

##### **General Provisions**

###### **Article 1. Employment of the Population**

1. Employment is activity of the citizens which is connected with the satisfaction of personal and public needs and, as a rule, brings them income in monetary or other form, such as wages, maintenance, additional allowances, and payment in kind.

Employment of the population living in the territory of the Ukrainian SSR is guaranteed by the state through the conduct of an active socioeconomic policy aimed at the satisfaction of its needs for voluntary choice of the kind of activity, the stimulation of the creation of new jobs, and the development of free enterprise.

2. Citizens of the Ukrainian SSR freely select types of activity that are not prohibited by legislation, including those that are not connected with the performance of paid work, as well as a profession and a place of work in accordance with their abilities.

Compulsion to work in any form is not allowed, with the exception of cases provided for by legislation of the Ukrainian SSR. Voluntary unemployment of citizens is not a basis for instituting administrative or criminal proceedings against them.

3. In the Ukrainian SSR the employed population includes citizens living in the territory of the republic on a legal basis:

a) Those working for hire in conditions of a full-time or part-time work day (week) in enterprises, institutions, and organizations, regardless of the forms of property, in international and foreign organizations in the Ukrainian SSR and abroad;

b) citizens who independently secure work for themselves, including entrepreneurs, persons engaged in individual labor activity, creative activity, members of cooperatives, farmers, and members of their families taking part in production;

c) those elected, appointed, or confirmed for a paid post in the organs of state power, administration and public associations;

d) those going through service in the Armed Forces, border, internal, and railway troops, organs of state security and internal affairs;

e) those sent to perform paid public work;

f) those going through vocational training, retraining, and improvement of qualifications with discontinuation of work; those studying in day general education schools and institutionssecondary and higher specialized education;

- g) those involved in the upbringing of children, the caring for the sick, invalids, and citizens of old age;
- h) working citizens of other countries, who are temporarily in the Ukrainian SSR and who are performing functions not connected with securing the activity of embassies and missions;
- 4) Other categories of the employed population may be stipulated by legislation of the Ukrainian SSR.

#### Article 2. Unemployed

As unemployed are recognized able-bodied citizens of working age who, for reasons beyond their control, do not have wages (labor income) because of the absence of suitable work, who are registered in the state employment service, who are really looking for work and are able to start to work.

In case it is impossible to assign suitable work, it may be suggested to the unemployed person to go through vocational retraining or to improve his qualifications.

The procedure for the registration of citizens as unemployed is determined by the UkSSR Council of Ministers with the consent of the Council of the Federation of the independent Ukrainian trade unions.

#### Article 3. Basic Principles of State Policy of the Employment of the Population

State policy of the Ukrainian SSR of the employment of the population is based on the following principles:

- providing equal opportunities to all citizens, regardless of origin, social and property situation, racial and nationality membership, sex, age, political convictions, and attitude to religion, in the realization of the right to free choice in the type of activity in accordance with abilities and vocational training with regard to personal interests and public needs;
- promoting the provision of effective employment, preventing unemployment, creating new jobs and conditions for the development of free enterprise;
- coordinating activity in the sphere of employment with other directions of economic and social policy on the basis of republic and regional employment programs;
- cooperation of the trade unions, associations (union) of entrepreneurs, owners of enterprises, institutions and organizations, or the organs authorized by them, in coordination with the organs of state administration in the development, the realization and monitoring of measures to secure the employment of the population;
- international cooperation in the solution of problems of employment of the population, including the labor of citizens of the Ukrainian SSR abroad and foreign citizens in the Ukrainian SSR.

#### Article 4. State Guarantee of the Right to Choice of Activity

The state guarantees the able-bodied population of working age in the Ukrainian SSR:

- a) the voluntariness of labor; choice of kind of activity;
- b) protection against unfounded refusal in acceptance for work and unlawful dismissal, as well as assistance in the retention of work;
- c) gratis assistance in the selection of suitable work and in job placement in accordance with vocation, abilities, vocational training, and education, with regard to public needs, by all available means, including vocational orientation and retraining;
- d) compensation of material expenditures in connection with the sending to another locality for work;
- e) payment of a severance pay and retention of the average wage for the period of job placement for workers who have lost permanent work in enterprises, institutions and organizations in cases and conditions provided for by existing legislation;
- f) gratis instruction of unemployed in new professions, retraining in educational institutions or in the state employment service with payment of a stipend;
- g) payment of an unemployment allowance to the unemployed in accordance with established procedure, material assistance to family members who are dependent, and other types of allowances;
- h) inclusion of the period of retraining and instruction in new professions, participation in paid public work, as well as receipt of an unemployment allowance, in the total length of labor service;
- i) assignment of work by specialty for a period of at least 3 years for young specialists who are graduates of state educational institutions of the republic, previously announced by enterprises, institutions and organizations.

2. State organs guarantee the publication of statistical data and information materials on the supply and demand for manpower, the possibilities of job placement, vocational training and retraining, vocational orientation, and social and work rehabilitation.

#### Article 5. Additional Guarantee of Employment for Some Categories of the Population

The state provides additional guarantees to able-bodied citizens or working age who are in need of social protection and who are unable to compete on equal terms in the labor market, including to women who have small children or invalid children, young people, internationalist fighting men, invalids, persons of retirement age (men upon reaching the age of 58, women—the age of 53), citizens who have not had work for a year, and persons who have been released from penal institutions.

or who on the basis of a court decision are receiving treatment in medical-labor preventive clinics, through the creation of additional jobs, specialized enterprises, the organization of specialized programs of instruction, etc.

For this, the local Soviets of People's Deputies reserve up to five percent of the total number of jobs in enterprises, in institutions and organizations, including those with flexible forms of employment. In case of refusal to accept for work citizens from the indicated categories of the population, within the limits of the established quota, a fine in the amount of the average annual wage for every such refusal to accept for work is collected from the enterprises, institutions and organizations. These funds are directed into a state fund for population employment assistance and are used for the financing of expenditures of enterprises that create jobs for these categories of the population above the established quota.

#### **Article 6. Legislation on Employment**

1. Employment relations in the Ukrainian SSR are regulated by the present Law and other legislative acts of the Ukrainian SSR adopted in accordance with the present Law.

If other rules than those provided for by legislation on employment in the Ukrainian SSR are established by an international treaty or agreement concluded by the Ukrainian SSR, the rules of international treaties or agreements are applied.

2. Legislation on employment extends to foreign citizens permanently living in the Ukrainian SSR and persons without citizenship, if no other provisions are made by legislation of the Ukrainian SSR.

#### **Article 7. Suitable Work**

1. For citizens who have lost their work and wages (labor income), work is considered suitable if it corresponds to their education, profession (specialty) and qualification of the worker and is assigned in the same locality where the worker lives. The wages and other working conditions must meet the level which the person had with respect to the previous work, taking into account their average level for a given profession (specialty).

When suitable work is offered, the length of service of the citizen in his specialty is taken into consideration, his previous activity, age, experience, the situation in the labor market, and the duration of the period of unemployment.

For citizens who are looking for work for the first time and do not have a profession (specialty), work is regarded as suitable if it requires preparatory vocational training, and if it is impossible to offer it—other paid work (including work of a temporary character).

2. If it is possible to assign work to a citizen in his profession (specialty), after the end of the period of

unemployment payments, work may be considered suitable if it requires a change of profession (specialty), taking into account the abilities of the citizen, his previous experience, and the means of instruction accessible to him.

3. By decision of the local Soviets of People's Deputies, transportation availability and other criteria of suitable work may be established, which strengthen the social protection of the population.

### **Part II**

#### **The Right of Citizens to Employment**

##### **Article 8. The Right of Citizens to Job Placement**

Citizens have the right to job placement and choice of their place of work through requests to an enterprise, institution, organization, an individual agricultural (farm) enterprise, and any employer or with the assistance of the state employment service.

The procedure and conditions for concluding labor agreements, contracts, arrangements are regulated by labor legislation of the Ukrainian SSR.

##### **Article 9. Right of Citizens to Vocational Consultation, Training, Retraining, and the Receipt of Information in the Employment Sphere**

Citizens who have turned to the state employment service as persons looking for work have the right to gratis vocational orientation, consultation, training, retraining, the receipt of appropriate information for the purpose of selecting the kind of activity, vocation, place of work, and work routine.

##### **Article 10. The Right of Citizens to Professional Activity Abroad**

Citizens have the right to professional activity abroad during the period of their temporary stay abroad.

The interests of citizens of the Ukrainian SSR who temporarily work abroad are protected by agreements concluded between the Ukrainian SSR and other states.

##### **Article 11. The Right of Citizens to Social Protection in the Sphere of Employment**

Citizens have the right to social protection in the sphere of employment in accordance with the employment legislation of the Ukrainian SSR.

Persons recognized as unemployed in the established manner have the right to the receipt of an unemployment allowance.

##### **Article 12. Right to Appeal the Actions of Employment Service Officials**

Citizens have the right to appeal the actions of state employment officials to a higher organ in the order of subordination or to a court in the manner established by legislation.

**Part III.****Regulation and Organization of Employment of the Population****Article 13. Regulation of Employment**

1. In order to promote the full, productive employment freely selected by citizen, the state provides:

—investment and tax policy measures aimed at the rational distribution of productive forces, the increase in the mobility of workers, the creation of new technologies, the encouragement of free enterprise, the creation of small enterprises and the use of flexible work routines and work at home, and other measures promoting the preservation and development of the job system;

—guarantee of the rights and interests of the workers, creation of favorable conditions in production, the improvement of legislation on employment of the population and labor;

—conduct of analytical and scientific research into the structure of the economy and the prognostication of the subsequent changes in the quality and distribution of the labor force;

—regulation of the foreign economic activity in connection with the involvement and use of foreign manpower in the Ukrainian SSR on the basis of quantitative regulation and licensing;

—in case of necessity, assistance in the creation of additional jobs to enterprises, institutions and organizations of all forms of property, as well as the improvement of working conditions in public production.

2. State statistical accountability, which reflects the state of the labor market and the situation in the sphere of employment of the population is being introduced in the territory of the Ukrainian SSR.

**Article 14. Republic and Territorial Programs of Employment of the Population**

1. To promote the employment of the population and to satisfy the needs of citizens for work, annual and long-term plans republic and territorial programs for the employment of the population are developed by the UkSSR Council of Ministers and the ispolkoms of the local Soviets of People's Deputies.

2. The republic and territorial programs for the employment of the population are aimed at:

a) Promoting the development and structural reform of the economy, creating the conditions to send the workers being released first of all to profitable industries and to priority sectors of the national economy;

b) preventing the development of unemployment and its reduction through increasing the economic interest of

enterprises and organizations in the creation of additional jobs, primarily with flexible forms of employment;

c) improving the system of reproduction of manpower in combination with the development of jobs, vocational orientation, training, retraining, and increase of qualifications of the population, and making effective use of manpower resources;

d) protecting the unemployed and their families against the negative consequences of unemployment and securing the employment of citizens who are in need of social protection and are not able to compete on equal terms in the labor market;

e) forming the material, cadre, information, statistical, financial, and scientific method basis for the state employment service;

f) measures of promoting the employment of the population living in rural localities.

**Article 15. Voluntary Resettlement of Citizens and Members of Their Families**

To secure the employment of the population and the development of individual regions of the Ukrainian SSR, measures are developed to promote the voluntary resettlement of citizens of the Ukraine and members of their families with the allotment corresponding material resources and financial means.

The procedure for the development and realization of these measures as well as the assignment of benefits to these citizens is determined by legislation of the Ukrainian SSR concerning the resettlement of families and the organized recruitment of workers.

**Article 16. Territories of Priority Development**

The UkSSR Council of Ministers determines the territories, where the development of jobs is encouraged by the state. Such territories (above all territories with labor surplus and with a high level of unemployment, rural and mining regions) for a certain period acquire the status of territories of priority development.

Enterprises, organizations, and institutions that create their factories in the indicated territories, their branches and additional jobs, enjoy benefits in the manner and conditions determined by legislation of the Ukrainian SSR and the decisions of the local Soviets of People's Deputies.

**Article 17. Coordination Committees for the Promotion of Employment**

To prepare coordinated solutions for the realization of employment policy, coordination committees for the promotion of employment may be created, consisting of an equal number of representatives of trade unions, organs of state administration, enterprise owners or organs authorized by them, and employers.

The procedure for the formation of the coordination committees and the organization of their work are determined by the sides represented in them.

#### Article 18. State Employment Service

1. To realize the population employment policy and to provide citizens with the corresponding guarantees throughout the entire territory of the Ukrainian SSR in the manner determined by the UkrSSR Council of Ministers, a state employment service is created, whose activity is carried out under the guidance of the UkrSSR Minister of Labor and the ispolkoms of the local Soviets of People's Deputies.

2. The services connected with the provision of employment for the population are extended by the state employment service free of charge.

3. The activity of the state employment service is financed from the state fund for the promotion of employment envisaged for these purposes.

4. Within the structure of the state employment service, an inspectorate is created, which monitors the implementation of the legislation on employment by state and public organs, enterprises, institutions and organizations, irrespective of forms of property and management, farmers, and other employers.

5. The state employment service is exempted from the payment of taxes, as well as duty state levies paid into the budget.

6. To assist citizens of the Ukrainian SSR with job placement, including for the period of a temporary stay abroad, to extend services connected with vocational orientation, the increase of professional level, and their training for work in a new profession on the basis of licenses issued in the established manner, commercial bureaus, agencies, and other organizations may be created if they have a certificate issued by the state employment service.

#### Article 19. Duties and Rights of the State Employment Service

##### 1. The state employment service:

—analyzes and forecasts the demand and supply for manpower, informs the population and the state organs of administration about the state of the labor market;

—consults with citizens, owners of enterprises, institutions and organizations or the organs authorized by them, which turn to the employment service with questions concerning the possibility of obtaining work and the provision of manpower, demands being made on the profession, and other questions that are useful for the promotion of employment of the population;

—takes stock of job vacancies and citizens who turn to it with questions of job placement;

—extends assistance to citizens in the selection of suitable work and to owners of enterprises, institutions, and organizations or the organs authorized by them in the selection of the necessary workers;

—if necessary, organizes vocational training and retraining in the employment service system or sends them to other educational institutions conducting training and retraining of workers, assists enterprises in the development and determination of the content of courses of education and reeducation;

—extends job placement services and vocational orientation to workers being released and to the unemployed population;

—registers the unemployed and, within the limits of its competence, extends assistance to them, including monetary assistance;

—takes part in long-term and current republic and territorial employment programs and measures for the social protection of various groups of the population against unemployment.

##### 2. The state employment service has the right:

—to receive from enterprises, institutions and organizations, irrespective of forms of property, statistical data on the presence of vacancies, the character and working conditions in them, all released, accepted, and dismissed workers, and information about proposed changes in the organization of production and labor, and other measures that may lead to the release of workers;

—to develop and submit for the review of the local Soviets of People's Deputies proposals concerning the establishment, for enterprises, institutions and organizations, irrespective of the forms of property, of quotas for the acceptance for work of persons who are in need of social protection and who are unable to compete on equal terms in the labor market, and to send such citizens for their job placement;

—to direct for job placement in enterprises, institutions and organizations of all forms of property, if jobs (vacant posts) are available there, citizens turning to the employment service, in accordance with the level of their education and vocational training;

—to direct unemployed citizens, if they so desire, to paid public work;

—to conclude—on behalf of enterprises, institutions and organizations of all forms of property—agreements with citizens under their job placement with preparatory (if necessary) professional training, and the payment of the cost of transportation and a per diem subsistence allowance, as well as to provide assistance for the move to a new place of residence and work at the expense of funds of enterprises, institutions and organizations.

- to dispose of the funds of the employment fund in the manner established by legislation;
- to pay the cost of the professional training of persons, whose job placement requires the acquisition of a new profession (specialty), as well as to establish for them, for the period of training, stipends in the amounts provided for by the legislation of the Ukrainian SSR on employment of the population;
- in the manner established by legislation, to grant citizens an allowance for unemployment and to terminate or abolish it;
- to introduce proposals in the local Soviets of People's Deputies concerning the suspension, for a period of up to 6 months, decisions of enterprises about the release of workers if their subsequent job placement is made difficult, with a one-time partial or full compensation of expenditures of enterprises called forth by this postponement.

The dimensions of expenditures and tax benefits that are refunded or granted to enterprises, institutions and organizations in the cases provided for by the present paragraph, in accordance with the legislation of the Ukrainian SSR, are determined by the decisions of the ispolkoms of the local Soviets of People's Deputies on representation of the coordination committees for employment assistance.

#### **Article 20. Participation of Enterprises, Institutions and Organizations in the Implementation of State Employment Policy**

1. Enterprises, institutions and organizations, irrespective of the forms of property, and their officials assist in the execution of state employment policy on the basis of:
  - observance of labor legislation, as well as the conditions of the contracts and agreements adopted in accordance with it;
  - organization of vocational training, retraining, and the improvement of qualifications, as well as the vocational retraining of those who are subject to release from production;
  - job placement for a number of persons determined by the local Soviet of People's Deputies who are in need of social protection and unable to compete on equal terms in the labor market.

2. Enterprises, institutions and organizations, in accordance with the decision of the local Soviet of People's Deputies, are obligated to create specialized jobs for the placement of invalids.

In case of the non-fulfillment of this requirement or refusal to create jobs for invalids, enterprises, institutions and organizations deduct specially-designated funds in an amount of the average annual pay of workers for every job that has not been created. The indicated

monies are directed into a state employment assistance fund for the organization of job placement of invalids.

The elimination of jobs for invalids is carried out only by agreement with the local Soviets of People's Deputies.

Expenditures of enterprises, institutions and organizations for the creation of additional jobs for invalids above the established quota, as well as the training and retraining of persons of the indicated category, are compensated at the expense of the establishment of benefits in profit taxation and means of the state employment assistance fund in accordance with the concluded agreements.

3. Enterprises, institutions and organizations making above-norm use of the labor of persons who are in need of social protection and are unable to compete on equal terms in the labor market, in accordance with legislation of the Ukrainian SSR are granted benefits with respect to taxes and other payments into the budget, which partially or fully compensate the expenditures connected with the acceptance for work of these categories of citizens.

4. Enterprises, institutions and organizations that are located in the territory, irrespective of departmental subordination, furnish full monthly information to the state employment service about available jobs (vacant posts) and within a three-day term—about all workers accepted and dismissed.

5. When workers are released in connection with changes in the organization of production and labor, enterprises, institutions and organizations notify the state employment service about this, indicating the reasons and the periods of release, the designation of professions, specialties, qualifications, amount of wages, no later than two months before release, and in case of reorganization, reprofiling and liquidation of enterprises, institutions and organizations—six months before release.

In case this information is not presented, a fine is levied in the amount of the annual wage for every released worker. These means are entered into the state employment assistance fund and used to finance measures for job placement and social protection of the workers being released.

6. The procedure for the imposition and dimension of the fines for the non-fulfillment of the requirements of the present article from enterprises, institutions and organizations are established by the legislation of the Ukrainian SSR.

#### **Article 21. Participation of the Professional Unions in the Implementation of Measures for Employment Assistance**

1. The trade unions take part in the development of the state employment policy, the corresponding legislative acts of the Ukrainian SSR, and the decisions of the local Soviets of People's Deputies.

2. The rights and powers of the trade unions to secure the protection of citizens against unemployment and its consequences are determined by a collective contract (agreement), by republic and territorial agreements of the trade unions with the organs of state administration and associations of enterprises (employers) in accordance with the effective legislation.

The trade unions, organs of state administration, owners of enterprises, institutions and organizations carry out joint consultations on problems of the employment of the population.

#### **Article 22. State Fund for Employment Assistance to the Population**

1. The state fund for employment assistance to the population is formed to finance measures provided for by the employment problems in regard to:

- vocational orientation of the population, vocational training of the workers being released and the unemployed, assistance in their job training, and payment of an unemployment allowance;
- granting of interest-free loans to the unemployed to engage in entrepreneurial activity;
- creating and developing an educational-material base, computer information centers, centers for vocational education, training and instruction of workers, service premises, and the employment service's own enterprises;
- organization of additional jobs in sectors of the national economy;
- maintenance of the workers of the service and other expenditures connected with the social protection of the right to work of the republic's citizens.

2. The state employment assistance fund for the population is an independent financial system and is created at the republic and local levels at the expense of:

- assignations in the amount of not less than three percent of the volumes of the republic and local budgets;
- obligatory payments of enterprises, institutions and organizations (engaged in commercial activity), cooperatives, voluntary payments of public organizations, citizens, foreign firms, and other receipts;
- funds of the employment service for the extension of paid services to enterprises and organizations.

3. The state employment service is the manager of the means of the state employment assistance fund.

4. The statute of the state fund for employment assistance to the population is confirmed by the Ukrainian Council of Ministers.

#### **Article 23. Organization of Paid Public Services**

1. Local Soviets of People's Deputies, with participation of the state employment service, organize the performance of paid public work for persons registered as unemployed, in enterprises, institutions and organizations of communal ownership and on the basis of contracts in other enterprises, institutions and organizations.

2. With persons wishing to take part in public work, a contract for a period of up to two months is concluded, with the right to extend it by agreement of the sides before the solution of the question of their placement in suitable work. Citizens registered as unemployed enjoy a preferential right to conclude contracts.

3. In case of the expiration of the established term for the payment of an unemployment allowance, a citizen has a preferential right to the acquisition of another profession (specialty) and participation in paid public work for the period up to the assignment of suitable work to him.

4. The wages of persons engaged in public work are paid for work actually performed and may not be less than the minimum amount of the wage established by legislation of the Ukrainian SSR, with quality execution of the labor norms.

To persons engaged in public work, social guarantees are extended, including the right to pension coverage and the payment of an allowance for temporary disability.

5. The financing of public work is effected at the expense of the local budget, with involvement of means of the state fund for employment assistance to the population (with respect to the organization of such work for the unemployed) and enterprises, institutions and organizations for which this work is carried out on the basis of contracts.

6. The statute (concerning paid public work) is confirmed by the Ukrainian SSR.

#### **Article 24. Vocational Training and Retraining and Unemployed Citizens**

1. Vocational training, improvement of qualifications, and retraining of persons registered in the employment service as looking for work may be effected in cases of:

- the impossibility of picking up suitable work because of a citizen's lack of the necessary professional qualifications;
- the necessity of changing qualification in connection with the lack of work meeting the professional skills of a citizen;
- the loss of the ability to carry out the work in the previous profession.

2. The vocational training, improvement of qualifications, and retraining of citizens is organized by the state employment service upon its direction in enterprises.

institutions and organizations (irrespective of their subordination) in accordance with concluded contracts or in centers being especially created for this at the expense of means of the state fund for employment assistance to the population.

#### Part IV

##### Compensation in Case of Loss of Work

###### Article 25. Kinds of Compensation

The state assists unemployed citizens in the resumption of their labor activity and provides them with the following kinds of compensations:

- a) the granting of special guarantees to workers being released from enterprises, institutions and organizations;
- b) the payment of stipends during the period of vocational training or retraining, and the inclusion of this period in the total and continuous service;
- c) payment of an unemployment allowance in the established manner;
- d) extension of additional material assistance to the unemployed citizen and members of his family with regard to the presence of persons of old age and underage children who are dependent on him;

###### Article 26. Special Guarantees to Workers Who Have Lost Their Job in Connection With Changes in Production and Labor Organization

1) Workers whose labor contract was dissolved at the initiative of the owner or an organ authorized by him in connection with changes in the organization of production and labor, including liquidation, reorganization, reprofiling of enterprises, institutions and organizations, on condition of their registration with the employment service within 10 calendar days after their dismissal as persons seeking work, are guaranteed:

- a) Retention, on the basis of the previous job, for the period of job placement, but not more than three months, of the average wage, with regard to the monthly discharge pay, and continuous service. In cases where the three-month term has expired and suitable work was not offered to the worker, he is granted the status of unemployed;
- b) the right to receive an unemployment allowance in the amount of 75 percent of the average wage based on his last job during the next three months and 50 percent during the next six months, but not more than the average wage that has developed in the republic;
- c) retention, at the new place of work, for the entire period of vocational retraining with discontinuation of work, of the average wage for the previous job;
- d) the right to early retirement 1.5 years before the term established by legislation for persons of pre-retirement

age, who have the necessary total service established by the legislation on pension security (including on advantageous conditions).

2. In case of the refusal of two offers of suitable work in the course of three months, such a person loses the right to the retention of his average wage prior to the expiration of the three-month period, and payment of an unemployment allowance is granted on the basis of Paragraph "a" of Article 30.

3. For enterprises, institutions and organizations which provide retraining for workers being released in connection with changes in the organization of production and labor, during calculation of the tax on profits the sum of the balance-sheet profit is reduced by the amount of expenditures connected with the organization of the vocational training of such workers.

If, during the two years preceding the release, a worker did not have the opportunity to increase his qualification or to receive a profession related to his previous job, and if during job placement it is necessary for him to increase his qualification or to go through vocational retraining, the expenditures for these measures are effected at the expense of the enterprise, organization and institution from which the worker is released.

If necessary, the state employment service may compensate enterprises, institutions and organizations for up to 50 percent of the expenditures for the organization of instruction of citizens accepted for work who were released from other enterprises, institutions and organizations for reasons provided for by the present article.

4. The guarantees established by Paragraph 1 of the present article extend also to persons who have lost their work due to an accident in production or the acquisition of a vocational disease, as the result of which they are in need of vocational training, retraining, or improvement of qualification.

###### Article 27. Stipend Amounts During the Period of Vocational Training and Retraining

1. Citizens who have lost their job and wage (labor income) and are registered in the state employment service as persons seeking work, during the period of vocational training and retraining, are paid a stipend in the amount of 75 percent, and those who do not have children or other dependents—50 percent of their average wage according to their last job, but not lower than the minimum wage established by legislation.

2. Citizens who seek work for the first time, who have been dismissed for the violation of labor discipline, as well as have not worked for a prolonged period of time and are in need of vocational training, improvement of qualification and retraining, are given a stipend not lower than the amount of the unemployment allowance provided for this category of the population.

###### Article 28. Conditions for the Payment of Unemployment Allowance

1. Citizens who are recognized as unemployed in the established manner and who do not have other incomes provided for by existing legislation that exceed the minimum wage have the right to an unemployment allowance.
2. The unemployment allowance is paid beginning on the 11th day after the registration of the citizen in the state employment service until the question of job placement is solved, but for not more than 12 months, during the next three years, and for persons of pre-retirement age (for two years before the onset of the right to a full pension)—up to 18 months. The first year, the allowance is granted for no more than 6 months, the second—for no more than three months, and the third—the remainder that has not been used during the two preceding years.
3. Citizens who wish to resume labor activity after a long (more than one year) interruption are given an unemployment allowance on conditions provided for by Paragraph 2 of the present article, but for persons seeking work for the first time the duration of the payment of the unemployment allowance is six months.
4. During the period during which he receives an allowance, the unemployed is obligated to promote his job placement in accordance with recommendations coordinated with the state employment service.

#### **Article 29. Amounts of Unemployment Allowance**

1. Citizens who have the right to receive an unemployment allowance are guaranteed its payment in the amount of:

- a) not less than 50 percent of the average wage based on the previous job, but not lower than the minimum wage established by legislation—in the case of the loss of work in an enterprise, institution and organization, if the citizen during the 12 months which preceded the beginning of unemployment had paid work for not less than 12 weeks; the maximum amount of the unemployment allowance cannot be higher than the average wage that has developed in the republic.
  - b) not lower than 75 percent of the minimum wage established by legislation—in all other cases, including citizens seeking work for the first time or after a long interruption (more than one year).

2. Citizens who have completed study in vocational-technical, secondary specialized and higher institutions (full-time forms of study) or have completed training and retraining, as well as have been dismissed from active military service in the Armed Forces, the border, internal, and railway troops, the organs of state security and internal affairs, an unemployment allowance is granted in the amount not lower than the minimum wage.

3. The size of the unemployment allowance is subject to indexing in the manner established by legislation.
4. During the period during which the citizen receives an unemployment allowance, continuous service is retained for him.

5. The procedure for granting an unemployment allowance is determined by the Ukrainian Council of Ministers.

#### **Article 30. Deferment of Payment of an Unemployment Allowance**

The payment of an unemployment allowance is not carried out or its size may be reduced by the organs of the state unemployment service to a term of up to months in the case of:

- a) the refusal of two offers of suitable work by a citizen;
- b) the granting to a citizen, in accordance with the effective procedure, of a discharge allowance or other payments during their release from enterprises, institutions and organizations, which provide for the partial or temporary compensation of the lost wage;
- c) dismissal for reasons envisaged by paragraphs 3, 4, 7, and 8 of Article 40 and Article 41 of the Code of Laws on Labor of the Ukrainian SSR;
- d) concealment, from the state employment service, of information about job placement for temporary work during the period when an unemployment allowance was received;
- e) violation of the conditions of Paragraph 4 of Article 28 of the present Law;
- f) an attempt to receive or the receipt of an unemployment allowance through the violation of existing legislation;
- g) dismissal of a citizen from his last job in accordance with his own desire without valid reasons.

#### **Article 31. Material Assistance**

1. Members of a family who are dependents of an unemployed person, as well as citizens who have lost the right to an unemployment allowance in connection with the expiration of the established term for its payment are given material and other assistance (including a subsidy for the use of housing, municipal services, and public transport) in the amount of 50 percent of the minimum wage for each of them at the expense of means of the state fund for employment assistance to the population, and in case of its absence—allocations made from the budget of the local Soviets of People's Deputies or on the basis of collective agreements (contracts).
2. The conditions for providing material and other assistance are determined by the Ukrainian Council of Ministers.

**Article 32. Voluntary Social Employment Insurance**

1. Citizens may conclude a contract with state insurance organs for the eventuality of the loss of work.

The procedure, periodicity, and conditions of insurance are determined by the legislation of the Ukrainian SSR.

2. Citizens who have concluded such agreements do not lose the right to receive unemployment allowances or stipends during the period of vocational training and retraining.

**Article 33. Additional Guarantees to Citizens of the Ukrainian SSR**

Additional guarantees to citizens who are released from enterprises that are subject to liquidation in connection with the implementation of measures to improve the ecological situation or as the result of natural disasters may be provided by the legislation of the Ukrainian SSR.

**Part V****Monitoring and Responsibility for the Violation of Legislation on the Employment of the Population****Article 34. Monitoring Organs**

Monitoring the observance of legislation of the Ukrainian SSR on employment of the population is carried out by the Soviets of People's Deputies, the corresponding state organs, the inspectorates of the employment service, and the trade unions.

**Article 35. Responsibility for the Violation of Legislation on Employment of the Population**

Officials guilty of the violation of legislation of the Ukrainian SSR on employment of the population are called to account in accordance with established procedure.

[signed] *L. Kravchuk, Chairman of the UkSSR Supreme Soviet, Kiev, 1 March 1991*

**Decree on Law's Implementation**

914.40713B Kiev PRAVDA UKRAINY in Russian  
19 Mar 91 p 3

[UkSSR Supreme Soviet decree: "On the Procedure To Put Into Effect the Law of the Ukrainian SSR: 'On Employment of the Population'"]

[Text] The Supreme Soviet of the Ukrainian Soviet Socialist Republic decrees:

1. To put into effect the Law of the Ukrainian SSR: "On Employment of the Population" from the day of its publication, Article 10—from the time of the introduction of a legislative act on entry and departure, Articles 27-32 of Part IV "Compensation in Case of Loss of Work"—from 1 July 1991.

The effectiveness of sub-paragraph "i" of Paragraph 1 of Article 4 of this Law extends to young specialists and graduates of state educational institutions as of 1 September 1991.

2. To establish that in 1991 enterprises, institutions and organizations conducting commercial activity, irrespective of the forms of property and management, transfer into local employment funds money in the amount of 0.6 percent of the wage fund, treating these expenditures as a cost of production (work, services). The accepted standard of volumes of obligatory transfers to the State Fund for Employment Assistance for subsequent years is determined by the UkSSR Supreme Soviet during the confirmation of the budget.

3. For the UkSSR Council of Ministers and the ispolkoms of the local Soviets of People's Deputies to adopt measures for the formation of a State Fund for Employment Assistance at the republic and local levels.

4. To establish for the years 1991-1992, as a condition for the payment of unemployment allowances to citizens who have the right to receive them in accordance with sub-paragraph "a" of Paragraph 1 of Article 29, a period of performance of paid work of not less than 36 calendar weeks in the course of the 12 months preceding the beginning of unemployment.

5. To instruct the UkSSR Council of Ministers:

—to submit, during the first six months of 1991, for review by the UkSSR Supreme Soviet, proposals to bring the legislative acts of the Ukrainian SSR into conformity with the adopted Law;

—within a two-month term, with the participation of the Soviet Federation of Independent Trade Unions of the Ukraine, to adopt the necessary acts for the application of the Law of the Ukrainian SSR: "On Employment of the Population", in particular to confirm the provisions concerning the state employment service, the State Fund for Employment Assistance to the Population, the organization of paid public work, and the procedure for the payment of unemployment allowances, as well as to determine the procedure for the formation of the system of vocational training, the increase of qualification, and the retraining of unemployed citizens;

—to bring the acts of the UkSSR government in conformity with the Law of the Ukrainian SSR: "On Employment of the Population" before 1 September 1991 and to secure the abolition, by ministries and departments of the UkSSR, of normative acts, including instructions contradicting this Law.

—to conduct negotiations with other countries about the possibility of job placement of citizens of the republic abroad and their social protection;

- to determine the procedure for the presentation of explanations connected with the application of the Law of the Ukrainian SSR "On Employment of the Population";
- to decide the question of the creation of a Scientific Research Center of the UkrSSR Academy of Sciences and the UkrSSR Ministry of Labor for Problems of Employment of the Population and the Labor Market on the basis of the existing scientific subdivisions of the republic engaged in the study of these questions.

6. To instruct the local Soviets of People's Deputies to implement, in the territories within their jurisdiction, the necessary measures for the provision of employment and the social protection of the population against unemployment.

[signed] *L. Kravchuk, Chairman of the UkrSSR Supreme Soviet, Kiev, 1 March 1991*

#### **Ukrainian Decree Supplementing Legislation on Protection of Populace**

914A0665A Kiev RABOCHAYA GAZETA in Russian  
6 Apr 91 p 1

[“Ukrainian SSR Council of Ministers Ordinance No. 80, Dated 5 April 1991: Revisions and Additions to Ukrainian SSR Council of Ministers Ordinance No. 72, Dated 28 March 1991, ‘On Social Protection of the Populace in Connection With the Retail Price Reform’”]

[Text] Attaching importance to the creation of supplementary social safeguards to protect the living standard of nonworking women and student youth, the Ukrainian SSR Council of Ministers **resolves**:

1. To make to Ukrainian SSR Council of Ministers Ordinance No. 72, dated 28 March 1991, “On Social Protection of the Populace in Connection With the Retail Price Reform” the following revisions and additions:

a) to make Clause 10 read:

“10. To establish monthly payments of 45 rubles [R]:

“for children not receiving allowances and pensions per the current system of social security up to 16 years of age (for trainees not receiving grants, up to 18 years of age);

“for nonworking women with three and more children up to 16 years of age;

“for one able-bodied parent or the person acting in loco parentis who is engaged in the constant care of an invalid child until he has reached 16 years of age;

“for nonworking women who have the necessary length of service for the award of a pension, but who have not reached retirement age and also for those who have reached retirement age and are supported by other persons”;

b) to supplement Paragraph 1 of Clause 12 with the words: “and nonworking women”;

c) to supplement Clause 13 with the following paragraph: “To preserve for students and trainees of secondary specialized educational institutions the cost of meals in the public catering establishments serving them which was in effect prior to the increase in retail prices.”

2. To cancel the limitations pertaining to the amount of the aggregate income per family member upon the establishment of compensatory payments to families with underage children who are not receiving allowances and pensions per the current system of social security stipulated by Clause 12 of the Ukrainian SSR Council of Ministers Ordinance No. 72, dated 28 March 1991, and in connection with the increase in the cost of goods of the children's range.

3. That the Ukrainian SSR Ministry of Finance, Ukrainian SSR Ministry of Higher and Secondary Specialized Education, Ukrainian SSR Ministry of Trade, and Ukrainian Consumer Cooperative Society will determine the procedure of compensation to public catering enterprises for the difference in the price of meals for students and trainees of secondary specialized educational institutions from a reduction in the markup on foodstuffs and the channeling to this end of some of the resources of the scholarship fund, the resources obtained by the educational institutions from financially autonomous contracted jobs of work and for the training on a contractual basis of personnel for enterprises and organizations, residual monies in the “escrow” accounts and economies in the current year's expenditure estimate resources, and of the rest, from resources of the fund for the social protection of the populace.

*[Signed] V. Fokin, chairman of the Ukrainian SSR Council of Ministers*

*V. Pekhota, administrator of the Ukrainian SSR Council of Ministers*

A ruling of the Ukrainian SSR Council of Ministers adopted on 5 April notes that the introduction of new retail prices for consumer goods and rates for services offered the public has led to misunderstandings and conflict situations even in certain outfits and localities.

The corresponding ordinances of the USSR Cabinet and the Ukrainian SSR Council of Ministers have not encompassed all the questions that are being raised locally upon the implementation of compensatory payments to individuals and other measures pertaining to their social protection and which require urgent practical solution.

For the purpose of the prompt and timely solution of questions being raised in the workforce and among individual citizens in connection with the introduction of the new retail prices of consumer commodities and the rates for consumer services and the elimination of the lack of coordination in the actions of the organs of

administration a republic commission headed by A.S. Statinov, first deputy chairman of the Ukrainian SSR Council of Ministers, has been formed.

The commission has been instructed to create a permanent working group of senior officials of ministries and departments of the Ukrainian SSR and the Ukrainian SSR Council of Ministers Administration of Affairs.

The working group's telephone numbers are 293-41-15, 226-21-82.

It is recommended that the Crimean ASSR Council of Ministers, the oblast soviet executive committees, the Kiev and Sevastopol cities soviet executive committees, ministries and departments of the Ukrainian SSR and the public authorities form working groups of senior officials, entrusting to them the prompt solution of questions connected with the retail price reform and the social protection of the populace.

#### Lithuania's Premier Views Economic Prospects, Cabinet Changes

91UN1348A Vilnius TIESA in Lithuanian  
21 Feb 91 pp 1,3

[Interview with Gediminas Vagnorius, chairman of the Lithuanian Council of Ministers, by Violeta Griskoniene: "We Will Not Tear Anything Down Artificially"]

[Text]

[Griskoniene] Last week you visited Tallinn. What was the reason?

[Vagnorius] We met with representatives of Latvia, Estonia, and neighboring republics of the USSR. Most of our attention was focused on economic problems. One of them was price reform. All participants in the meeting emphasized that the Soviet Union has already raised the wholesale price of raw and other materials and production. The republics, still not having raised retail prices, experienced the greatest losses, so their situation is critical and cannot last long.

In Tallinn we also spoke about organizing an inquest. Our experience interested Latvia and Estonia. We discussed the planned USSR referendum, what USSR leaders might hope to seize in our respect, wanting to implement their own political aims, and how we should defend ourselves against the threatening danger.

We signed a protocol that all three Baltic republics will maintain one customs system on their eastern border governed by the same rules.

[Griskoniene] What are Lithuania's economic relations with the Soviet Union and its republics? Are there any plans to improve them?

[Vagnorius] Life goes on. Enterprises are producing goods, trade is active. We have good ties with Soviet

republics and have even concluded economic cooperation agreements with many of them. We are finishing up an agreement with Russia which includes concrete numbers as to what we will supply and in what quantities, what we receive in return, and how we will guarantee the supply with the breakdown of centralization. Apparently after a broadened economic agreement, immediately there will be signed a political one as well. Apart from this, we are concluding preparations for an agreement by which we would guarantee Russia free transit to the Kaliningrad region. Although we never said that it would be otherwise, however there has been talk that we would be interfering with Kaliningrad's existence.

And economic relations with the Soviet Union's center have not been broken off. However, so long as there is no political understanding, they play according to their own rules and we, according to our own. But even under such conditions is it still possible to confer about mutual supplies. In truth, they supply less, so we give less to the Soviet Union. Some products we no longer receive at all such as paper for newspapers. Thus they pressure us for political reasons. Neither we nor the Soviet Union implement any agreements automatically. When it does not supply us with grain, we decrease our supply of meat to them. Trade must be balanced.

[Griskoniene] How do you intend to weave closer economic ties with the West?

[Vagnorius] In wanting to be less economically dependent upon the Soviet Union, most of all from its monopoly of raw materials, we must expand our economic ties with the West. This does not mean that we break off relations with the East. Quite the opposite, we will expand those as well, since they are useful to us. So, the only way to become truly independent is to have relations with the West. We encourage joint ventures and trade. But if we sell goods to the West, we must receive them from there as well. An exchange of goods must take place. Unfortunately, good products are often taken out of Lithuania and in return we only get back are the means for production or money. It is a vicious circle: we produce, sell, import means of production, produce once again, sell,...

[Griskoniene] However, industrial workers very much need good equipment in order to produce valuable goods.

[Vagnorius] Doubtless, but we cannot exchange all of our products for equipment. There must be a balance. We cannot just produce and not use anything.

[Griskoniene] Many enterprises that sell their products to the West import products for their workers.

[Vagnorius] This sort of barter economy is not good. Barter trading is uncontrolled. And it is not good for the worker because it brings in not what is needed most but what someone thought up. We are preparing decrees for most stores trading in imported goods, and will seek to have enterprises receiving hard currency as income to

pay part of the worker's salary in hard currency. Then these people would have the possibility of selecting goods in a store, or selling the hard currency. A person has to be able to decide for himself what he needs. What he does not need is a centralized system of buying goods.

[Griskoniene] Retail prices in the Soviet Union will be changed in the near future. How about in Lithuania? How does G. Vagnorius' government's price reform and compensation mechanism differ from that prepared and rejected by K. Pruskiene's cabinet?

[Vagnorius] This problem is broader than an increase in prices. First of all, we must protect our market and stabilize it. We began not from price increases but from distributing considerably more goods to our internal market. Although production has decreased, the citizens of the Republic should not feel it. On the contrary, there should be an increase of goods for them.

We required that all enterprises in Lithuania's internal market supply our material expenditures or the Ministry of Trade exchange fund with products of the same value as paid out in salaries, and no less. Until now, certain Soviet enterprises produce in the name of production. They export their products, pay salaries, but there is nothing to cover them. Perhaps such a decree will help enterprises understand that employees need more than just paper money. They should also have a fund of goods.

We will change prices in the very near future. Undoubtedly, they will rise. However, if the difference between the former price and the new price is compensated, it should not be important for example how much meat costs: five or nine rubles. The problem arises, however, when the compensation does not catch up with the speed of price increases. We will try to compensate all Lithuanian citizens at the first price increase for daily needs. I am not talking about those who earn a large amount, such as a thousand rubles a month.

Price reform is a process. It cannot proceed by leaps and bounds such as raising everything overnight. Our price policy must be moderate and gradual.

[Griskoniene] Will our lean budget suffice? Will subsidies be refused?

[Vagnorius] Yes, our budget is not very large. With the increased expense of raw materials, we have experienced great losses. Enterprises will have to compensate the price difference. At the same time, a subsidized industry is not rational. Subsidies are often used ineffectively. It would be much better to subsidize a user, a person, not an industry. However, we understand that this is impossible to do in a day's or a month's time. It demands time to implement such a system of subsidies. At first, subsidies for certain meat and industrial goods will remain. Subsidies will be given for an assortment of children's goods, goods for the elderly, etc. Little by little we will supply subsidies to young families with children, to elderly people, to everyone who receives a low income.

[Griskoniene] Lithuania's farms are already on the edge of bankruptcy. They will be slain in the spring by increased payments, constantly rising technology, the price of material expenditures. Maybe this is what is necessary for a state seeking to privatize its economy. However, won't Lithuania begin to starve? What are you doing to assure that this does not happen?

[Vagnorius] I think that we will not return to the campaign: a private farm is no longer appropriate, the collective farm is driven together by coercion, or the opposite. Turning a cooperative farm into a private one is a process which requires time. We will not destroy anything artificially, we will not force anything to be founded artificially. Our task is to create the conditions for our citizens who are not prepared to farm and for those people who want to remain on the collective farms, although, obviously, not on the kind that exist today but on cooperative companies such as exist in Hungary and elsewhere. I think that cooperative farms will remain for a long time.

No way do we intend to create a situation that would bankrupt collective farms or work toward their disintegration. I do not think that collective farms would go bankrupt on a massive scale. We would not allow this. It may be, that one or another goes bankrupt. But not at this time, not this spring, but later, when we will also allow some industrial enterprises to go bankrupt. However, we will try to block this process as well.

The lamentable financial situation of a third of the Republic's agricultural industry came about not because payments were increased. However much they increased, we raised the price of buying. But what did increase significantly was the material expenditures which agriculture uses. They increased quite a bit more than had been planned, raising purchase prices. Last week we were weighing that and this week we shall consider how to save farms from bankruptcy. Several projects have already been prepared: we will forgive some payments, we will postpone the change in purchase price a bit. However much agricultural enterprises may have suffered, those people in agriculture with a private (home) farm, income has increased quite a bit—60-70 percent.

[Griskoniene] We would like to know your opinion about the return of personal property and the selling of apartments. Many people are concerned about this.

[Vagnorius] People are actually terrified of it. We must correct the injustices done to those people whose property was expropriated. However, it has to be understood that the state cannot totally repay the loss which all of us have experienced, including our parents. Standards will be set, the maximum size of a building or lot that can be returned. There is not so much arable land now as there was before the war.

People should not have to suffer. They are not guilty if they happen to live in a building that was expropriated from someone else. The return of expropriated property

will be a rather long process. It is not simple to build new homes and move in the people now living in expropriated buildings. I would think that the most important matter is that we are restoring justice, and at what tempo will depend upon how strong and capable our nation is.

The law on selling apartments should be adopted immediately after the law on general privatization. While the latter does not exist, people will have nothing with which to buy apartments. It is no luck if only two to five percent of the citizenry has the funds to do so. The law on privatization envisions certain payments to each individual. At that time practically all residents of communal apartments will have something to buy with.

[Griskoniene] No one has said anything as yet about changes in the government cabinet. However, it has temporary ministers. Can they really work productively and effectively?

[Vagnorius] First of all, it is not because of my advice that some are true ministers and others just assume those responsibilities. We have assumed that problem and envision in the very near future to complete the formation of a government cabinet. Let us have patience for a few more days and everything will become clear.

[Griskoniene] Thank you for the interview.

### Development of Small Businesses in Crimea Viewed

914A0735A Kiev RABOCHAYA GAZETA in Russian  
12 Apr 91 p 2

[Report on interview with K.M. Vasilyev, director of Edip interbranch science and technology production enterprise, by V. Mitkalik, in Simferopol: "The Economy: One Step Away From the Market—Edip and Others..."]

[Text] Small business structures are emerging in the Crimea; it is a mechanism for resisting the diktat of monopolists in the consumer market. But, as they say, easier said than done.

To start with, a few statistics. The first small businesses in the country were registered in Estonia. However, the year they were born, 1988, did not become a watershed in the emergence of small business. In the view of many domestic economists, excessive caution in moving the economic reform forward made it clear that their emergence was to be regarded as an experiment. It was only in June 1989, after the experiment fulfilled the hopes pinned on it, that Protocol No. 14 of the USSR Council of Ministers Commission on Improving the National Economic Mechanism was made public. This was the first document to legalize small business in our country. Then came the August 1990 resolution of the USSR Council of Ministers: "On Measures To Create and Develop Small Enterprises."

Why are they needed now, during the transition to the market economy? Small enterprise, based on any form of ownership—including mixed—is necessary as a mechanism to fight the diktat of monopolists in both consumer and production markets, a mechanism for turning the national economy in the direction of meeting the needs of each concrete individual. Another important factor. Since small enterprises are much more mobile and flexible than old traditional production structures, they are more receptive to incorporating the ideas of scientific and technological progress.

This undertaking also deserves support on the grounds that there is already certain positive experience accumulated in this respect in world practice. About 30 percent of the "know-how" in industrially developed countries in the West belongs to small companies and enterprises, which—with the help of the state—successfully compete with the economic "whales."

Unfortunately, small enterprises in Simferopol, both already existing ones and those in the process of being created, have encountered a number of problems from the very beginning. Since these are typical for small businesses as a whole, we will analyze them using the example of the Edip interbranch science and technology production enterprise. In this, we are helped by its director, K.M. Vasilyev.

[Mitkalik] So, the first problem...

[Vasilyev] Registration. Although the 8 August 1990 USSR Council of Ministers resolution on small enterprises stipulates registration rather than granting permits for the creation of small enterprises, even now far from all soviets of people's deputies have documents setting the procedures for organizing small enterprises. For instance, we spent two months making the rounds of officials, as they say. Eventually, it turned out that only two weeks were needed to register Edip—strictly in compliance with the government directive on this matter—but it only came about when we finally went to the Simferopol City Executive Committee where they have a special unit on small enterprises, centers, and associations.

Another problem is establishing a business bank account. You see, quite often banks do not "happen to have" the documents which regulate the creation and development of small enterprises. We had to locate Protocol No. 14 of the USSR Supreme Soviet Commission and bring it to the local branch of Zhilsotsbank [Bank for Housing and Municipal Services and Social Development]. It took a month and a half from the moment of Edip's first attempt to open an operating account.

[Mitkalik] I am curious—how do you see the registration process of new small business entities on the threshold of market relations?

[Vasilyev] I do not think we need to go far to get an answer. We analyzed the process of creating small entities using the example of the United States, where our representative, candidate of medical sciences A.V. Melekhin, recently visited. There, municipal authorities of territorial entities have successfully functioning special departments to register small businesses. What is required? An application and \$25 into the municipal budget. That is, the registration process literally takes a few minutes.

[Mitkalik] It is clear without saying that this is profitable. But it is no secret that drawing on the experience of others is only good when one does not separate oneself from one's own existing realities.

[Vasilyev] This is exactly the case. Please note: in this case the profit is not only for the municipal authorities, but also for the small business. I am certain that our local organs of self-administration, particularly the department on registration of small enterprises, centers, and associations that exists in the Simferopol City Executive Committee, will also profit from using such methods in their work.

I want to mention another important detail. In industrially developed foreign countries, the financing of small enterprises is done from two sources. The first is the personal capital of the company's principal; the other is bank credit bearing certain interest. That is, registration organs are not responsible for the credit worthiness of the emerging companies. In the event of bankruptcy, the state is not hurt; at the same time, banks have expert capabilities to appraise the economic potential of new small enterprises.

Why am I talking about all this? As is known, the economic reform in our country is accompanied by a reform of the banking system. In this respect, I would like to see a positive attitude on the part of our banks toward emerging small businesses.

[Mitkalik] Konstantin Mikhaylovich, it is probably too early to talk about Edip's financial capital. But what kind of intellectual capital do you have at this point?

[Vasilyev] Edip has inventions that are being patented in 19 developed countries in the world. Among them are some that will determine the future of domestic and global medical science. For instance, those discoveries that constituted our contribution to research in the area of electropuncture diagnostics developed by famous Austrian medical scientist Dr. Voll.

[Mitkalik] What is the structure of your small enterprise?

[Vasilyev] The administrative part is kept to a minimum: it is just one person, the director. The rest, and this is mandatory, are intellectuals who hold scientific degrees and high-level professional skills in medical science, electronic engineering, and computer programming. Edip is still in its development stage; therefore, we only have 14 employees at this point.

[Mitkalik] Who is the founder?

[Vasilyev] The oblast sports committee.

[Mitkalik] Why?

[Vasilyev] We have common, or at least related, tasks and goals: sports and medical science, and their interaction in achieving outstanding results.

[Mitkalik] Who are your patients?

[Vasilyev] For instance, Aleksandr Avdeyenko from Odessa, Olympic champion (Seoul) in the high jump; Natalya Gorbenko from Kiev, a former national champion in figure skating; international class sports masters from the Crimea: bicyclist Andrey Malashin, track athlete Natalya Yaroshenko, and the Simferopol University women's basketball team...

[Mitkalik] What does your small enterprise do for them?

[Vasilyev] Using the methods developed in our research, we help them get rid of physical imperfections in their bodies. For instance, on the basis of our recommendations Aleksandr Avdeyenko included a large number of aerobic exercises in his training; that is, he needed to improve the oxygen exchange in his body. We have already formed the infrastructure of a small enterprise, applied for the registration of another invention, and done 27,000 rubles' worth of contract work.

I am convinced that an enterprise of this type is a very good and promising form of small business in the environment of preparation for, and operation within, the framework of market relations. We are trying to prove it by deeds.

### Belorussian Law on Enterprises Issued

#### Text of Law

91440696A Minsk *SOVETSKAYA BELORUSSIYA*  
in Russian 27 Dec 90 pp 2-3

[Text of Belorussian Soviet Socialist Republic Law "On Enterprises in the Belorussian SSR"; for text of draft law see JPRS Report Soviet Union: Economic Affairs JPRS-UEA-90-044, 18 Dec 90 pp 9-20]

[Text] This law determines the general legal, economic, and social principles of organization of an enterprise with a diversity of forms of ownership and its activity under conditions of development of market relations.

The law aims at ensuring the independence of an enterprise, determines its rights and responsibility in the implementation of economic activity, regulates the relations of an enterprise with other enterprises, organizations, soviets of people's deputies, and bodies of state administration, and acts in combination with other Belorussian SSR laws.

This law applies to all enterprises located on Belorussian SSR territory.

**Section I. General Provisions****Chapter 1. An Enterprise and Its Main Tasks****Article 1. Concept of an Enterprise**

An independent managing subject possessing the rights of a legal entity, which on the basis of property use by the labor collective produces and sells products, performs jobs, and provides services, is an enterprise. An enterprise does not have other legal entities in its structure.

An enterprise operates on cost-accounting principles regardless of the form of ownership of the means of production and other property.

**Article 2. Main Task of an Enterprise**

Economic activity aimed at obtaining profit for meeting social and economic interests of members of the labor collective and interests of the enterprise property owner is the main task of an enterprise. The satisfaction of public needs for its products, jobs, and services is regulated by the state by economic methods.

**Article 3. Types of Economic Activities of an Enterprise**

An enterprise can carry out any types of economic activities if they are not prohibited by Belorussian SSR legislative acts and meet the goals provided for in enterprise bylaws.

An enterprise can engage in individual types of activities, the list of which is approved by the Belorussian SSR Council of Ministers, only on the basis of a special permission (license).

**Article 4. Types of Enterprises**

In accordance with the forms of ownership established by the Belorussian SSR Law on Property in the Belorussian SSR, enterprises of the following types can operate:

- based on state property;
- based on collective property;
- based on private property;
- based on joint property;
- based on mixed forms of ownership.

Other types of enterprises, the establishment of which does not contradict Belorussian SSR legislative acts, can also operate in the Belorussian SSR.

**Chapter 2. Organizational and Legal Forms of State Enterprises****Article 5. State Enterprise**

A state enterprise is established by Belorussian SSR bodies of administration authorized to manage state property, as well as through the transfer of enterprises and other property complexes from Union jurisdiction to Belorussian SSR ownership.

The property of a state enterprise is under Belorussian SSR ownership and is assigned to a state enterprise with the right of possession, use, and disposal within the limits established by the owner and by existing Belorussian SSR legislative acts.

A state enterprise bears responsibility in respect to obligations within the limits of its property on its independent balance sheet.

The state and its bodies do not bear responsibility for the obligations of a state enterprise. An enterprise is not responsible for the obligations of the state and its bodies.

A state enterprise is a legal entity and has its own name with an indication of the type of enterprise.

**Article 6. Municipal Enterprise**

A municipal enterprise is established by the local soviet of people's deputies, or by local bodies of administration authorized by it.

The property of a municipal enterprise is under the ownership of an administrative-territorial formation and is assigned by an appropriate local soviet of people's deputies to a municipal enterprise with the right of possession, use, and disposal within the limits established by the owner and by existing Belorussian SSR legislative acts.

A municipal enterprise bears responsibility in respect to obligations within the limits of its property on its independent balance sheet.

Local soviets of people's deputies and local bodies of administration do not bear responsibility for the obligations of a municipal enterprise. A municipal enterprise is not responsible for the obligations of local bodies of power and administration.

A municipal enterprise is a legal entity and has its own name with an indication of the type of enterprise.

**Chapter 3. Unification of Enterprises****Article 7. Types of Associations**

Enterprises can unite on a voluntary basis into unions, economic associations, concerns, and other associations according to sectorial, territorial, or other principles for the purpose of coordinating activities, ensuring the protection of their rights, and representing common interests in appropriate state and other bodies, as well as in international organizations. On the basis of a coordinated decision of enterprises an association can be entrusted with a centralized performance of individual production-economic and other functions.

The indicated structures are created with due regard for the antimonopoly requirements established by appropriate Belorussian SSR legislative acts.

**Article 8. Association Bylaws. Rights of Enterprises Forming Part of an Association**

An association operates on the basis of bylaws approved by its founders. Enterprises forming part of the organizational structures indicated in article 7 of this law retain their independence and the rights of a legal entity and the operation of this law applies to them.

**Article 9. Registration of an Association**

The registration of an association is carried out in accordance with the procedure established by this law for an enterprise. An association is a legal entity and has current and other accounts in bank institutions and a seal with its name.

**Article 10. Delimitation of the Responsibility of an Association and of Its Constituent Enterprises**

An association is not responsible for the obligations of its constituent enterprises and enterprises are not responsible for the obligations of an association, unless otherwise specified by bylaws or articles of association.

**Article 11. Withdrawal of an Enterprise From an Association**

Enterprises forming part of an association have the right to withdraw from it according to the decision of the labor collective of an enterprise with the retention of obligations to enterprises forming part of the association in accordance with concluded agreements.

**Article 12. Liquidation of an Association**

An association is liquidated in accordance with the decision of its constituent enterprises. The liquidation of an association is carried out in accordance with the procedure established for the liquidation of an enterprise.

The property remaining after the liquidation of an association is distributed among members in accordance with association bylaws.

**Chapter 4. Legislation on an Enterprise**

**Article 13. Legislation on an Enterprise**

An enterprise is guided by this law and other Belorussian SSR legislation.

The legal status of individual types of economic associations and partnerships, which enterprises can join, is determined by legislative acts on economic associations and partnerships.

Relations not regulated by Belorussian SSR legislation can be regulated by USSR legislation.

**Article 14. Characteristics of Application of This Law to Individual Types of Enterprises**

The characteristics of application of this law to individual types of enterprises, the activity of which is

connected with increased requirements for work organization and safety and with the continuity of technological processes, as well as stems from the need for the centralization of management functions, and the list of such enterprises are determined by the Belorussian SSR Council of Ministers.

**Article 15. Characteristics of Establishment and Activity of Joint Enterprises**

The characteristics of formation and activity of joint enterprises with the participation of physical and legal entities of the Belorussian SSR, other Union republics, and foreign states are established by Belorussian SSR legislation.

**Section II. Establishment of an Enterprise and Procedure of Its Registration**

**Chapter 5. General Conditions of Establishment of an Enterprise**

**Article 16. Procedure of Establishment of an Enterprise**

An enterprise can be established on the basis of the decision of the property owner (owners), or the body, enterprise, or organization authorized by him (them), or on the basis of the decision of the labor collective in cases and in accordance with the procedure provided for by this law and other Belorussian SSR laws.

An enterprise can also be established as a result of a division into smaller units in accordance with antimonopoly legislation.

**Article 17. Establishment of an Enterprise Through Separation of a Structural Subdivision (Subdivisions) From an Existing Enterprise**

An enterprise can be established as a result of the separation from an existing enterprise or organization of one or several structural subdivisions on the initiative of the workers' collective at the indicated subdivision (subdivisions), if the enterprise property owner (the body, enterprise, or organization authorized by him) consents to this and the fulfillment of contractual obligations previously assumed by the enterprise is ensured.

**Article 18. Establishment of an Enterprise on the Basis of an Association's Structural Unit**

An enterprise can be established on the basis of an association's structural unit in accordance with the decision of its labor collective with the retention of its obligations to the association.

**Article 19. Founder of an Enterprise**

The state in the person of appropriate bodies, a soviet of people's deputies, a labor collective, a physical or legal entity, and an association of physical and legal entities, as well as foreign physical and legal entities, can be the founder of an enterprise.

An enterprise can be established by one or several founders.

**Article 20. Enterprise Bylaws**

An enterprise operates on the basis of bylaws. Bylaws are approved by the founder (founders) of an enterprise.

Enterprise bylaws determine the following: the name and type of an enterprise, its location, object and goals of activity, its bodies of administration and control, their competence, procedure of formation of enterprise property and profit (income) distribution, and conditions of reorganization and termination of enterprise activity.

Bylaws can also include other provisions not contradicting legislation, which are connected with the characteristics of enterprise activity.

**Article 21. Establishment of Subsidiary Enterprises and Separate Subdivisions of an Enterprise**

An enterprise has the right, with the consent of the owner or the body authorized by him, to establish subsidiary enterprises with the right of a legal entity by transferring to them part of its property for possession, use, and disposal within the limits established by the owner and existing Belorussian SSR legislative acts.

The founder is not responsible for the obligations of subsidiary enterprises and subsidiary enterprises are not responsible for the obligations of the founder, unless otherwise specified by constituting documents.

An enterprise has the right to establish affiliates, representative offices, departments, and other separate subdivisions with the right to open appropriate accounts and approves the provisions concerning them.

**Article 22. Coordination of the Matter of Locating Subsidiary Enterprises and Separate Subdivisions of an Enterprise**

The matter of locating subsidiary enterprises and separate subdivisions of an enterprise is coordinated with appropriate local soviets of people's deputies in accordance with the procedure established for the formation of an enterprise.

**Article 23. Granting Land and Other Natural Resources for the Establishment and Activity of an Enterprise**

In cases when a land plot and other natural resources are required for the establishment and activity of an enterprise, the permission to use them is given if there is a positive conclusion of an ecological expert examination by an appropriate soviet of people's deputies and, in cases provided for by legislative acts, by the primary nature user as well.

Refusal to grant a land plot and other natural resources can be appealed in accordance with the procedure provided for by Belorussian SSR legislative acts.

**Article 24. Acquisition of the Rights of a Legal Entity by an Enterprise**

An enterprise is considered established and acquires the rights of a legal entity from the day of its state registration.

**Chapter 6. State Registration of an Enterprise****Article 25. State Registration of an Enterprise**

State registration of an enterprise is carried out in the executive committee of the rayon, city, and city rayon soviet of people's deputies at the enterprise's location, unless otherwise specified by Belorussian SSR legislative acts.

The data of state registration of an enterprise within a 10-day period are reported by the registering body to the Belorussian SSR Ministry of Finance for accounting and to the Belorussian SSR State Committee for Statistics and Analysis for inclusion in state and Belorussian SSR registers respectively.

The activity of a nonregistered enterprise is prohibited.

Income obtained from the activity of a nonregistered enterprise is exacted through a court or the State Board of Arbitration and is assigned to the local budget.

**Article 26. Documents Necessary for State Registration**

For state registration of an enterprise the decision on its establishment, bylaws, and other documents, according to the list determined by the Belorussian SSR Council of Ministers, are submitted to the executive committee of an appropriate soviet of people's deputies.

**Article 27. Period of Performance of State Registration**

State registration of an enterprise should be performed no later than 30 days from the time of submission of an application with enclosure of the necessary documents to the executive committee of an appropriate soviet of people's deputies. The adopted decision is reported in writing to the applicant within a five-day period. The register holder announces the fact of the enterprise's registration in the official press.

**Article 28. Reregistration of an Enterprise**

An enterprise is subject to reregistration if it is sold, leased out, or transferred in another manner to the state and to other physical or legal entities in accordance with the established procedure, as well as if changes in or supplements to the enterprise's constituting documents are introduced.

In case of reregistration of an enterprise the same rules as during its registration are applied.

**Article 29. Reasons for Denial of State Registration**

Denial of state registration of an enterprise can follow for reasons of violation of the procedure concerning the formation of an enterprise established by Belorussian SSR legislative acts, noncorrespondence of constituting instruments (documents) to the requirements of legislation, and lack of a positive conclusion of an appropriate ecological expert examination. Denial of state registration of an enterprise for reasons of inadvisability of its establishment is not permitted.

#### **Article 30. Appeal Against Denial of State Registration**

If state registration of an enterprise is not carried out within the established period, or is denied for reasons which the enterprise founder considers unsubstantiated, he can apply to a court or to the State Board of Arbitration.

#### **Article 31. Fee for State Registration**

For state registration of an enterprise a fee in amounts established by Belorussian SSR legislation is imposed on the founder. The executive committee of the soviet of people's deputies enters the received funds in the budget of the rayon, city, and city rayon at the place of registration of an enterprise.

#### **Article 32. Licensing of Types of Activities**

For carrying out types of activities subject to licensing an enterprise must receive the necessary license in accordance with the procedure established by the Belorussian SSR Council of Ministers.

### **Section III. Enterprise Property**

#### **Chapter 7. Conditions of Formation and Use of Property**

##### **Article 33. Enterprise Property**

The fixed and circulating capital of an enterprise, as well as other assets, the value of which is reflected in its independent balance sheet, constitutes enterprise property.

##### **Article 34. Property Rights of an Enterprise**

In accordance with Belorussian SSR legislative acts and enterprise bylaws the property of an enterprise can belong to it with the right of ownership, or possession, use, and disposal within the limits established by the owner and existing Belorussian SSR legislative acts.

##### **Article 35. Source of Formation of Enterprise Property**

The following are sources of formation of enterprise property:

- monetary and material contributions by founders;
- income received from the sale of products, jobs, and services, as well as from other types of economic activities;
- income from securities;
- credits of banks and other creditors;
- capital investments and budget subsidies;
- nonreturnable or charitable contributions and donations by organizations, enterprises, and physical entities;
- other sources not prohibited by Belorussian SSR legislative acts.

#### **Article 36. Attraction of Funds of Legal and Physical Entities by an Enterprise**

In order to attract additional funds for purposes of expansion and improvement of production and the social development of the labor collective, an enterprise has the right to issue and sell securities.

The procedure of issue and sale of securities by an enterprise, their types, and holders' rights are determined by Belorussian SSR legislation.

#### **Article 37. Rights of an Enterprise To Dispose of the Property Belonging to It**

An enterprise has the right to sell buildings, installations, equipment, transport facilities, implements, raw materials, and other physical assets belonging to it, to transfer them to other enterprises, organizations, and institutions, to exchange them, to lease them out, and to give them free of charge for temporary use, as well as to write them off the balance sheet, unless otherwise specified by legislative acts and enterprise bylaws.

An enterprise has the right, unless otherwise specified by bylaws, to sell and lease out to citizens the means of production and other physical assets with the exception of those that, in accordance with Belorussian SSR legislative acts, cannot be owned or used by them.

The gratuitous transfer and granting by a state enterprise of property to citizens, labor collectives, and enterprises of other forms of ownership are carried out with the permission of the owner or the body authorized by him, unless otherwise specified by Belorussian SSR legislation.

#### **Chapter 8. Possession and Use of Natural Resources**

##### **Article 38. Procedure of Possession and Use of Natural Resources**

An enterprise possesses and uses land and other natural resources in accordance with the established procedure for pay and, in cases provided for by Belorussian SSR legislative acts, on preferential terms or free of charge.

##### **Article 39. Duty of an Enterprise To Implement Nature Protection Measures**

An enterprise must promptly implement nature protection measures aimed at diminishing and compensating for the negative effect of its production on the natural environment. Such measures are financed from its own funds or other sources.

##### **Article 40. Responsibility of an Enterprise for Inefficient Use of Natural Resources**

An enterprise bears responsibility for the nonobservance of requirements and norms for an efficient use, restoration, and protection of land, water, mineral resources, forests, and other natural resources, as well as compensates for the damage done as a result of its activity.

**Chapter 9. Guarantees of Property Rights of an Enterprise****Article 41. Guarantees of Property Rights of an Enterprise**

The state guarantees the protection of property rights of an enterprise. The withdrawal by the state from an enterprise of its fixed and circulating capital and other property used by it is not permitted, with the exception of cases provided for by Belorussian SSR legislative acts.

**Article 42. Compensation for Damage Done to an Enterprise as a Result of Violation of Its Property Rights**

An enterprise is compensated for the damage done to it as a result of violation of its property rights by physical and legal entities and state bodies in accordance with the decision of a court or the State Board of Arbitration.

**Section IV. Enterprise Management****Chapter 10. General Principles of Organization of Enterprise Management****Article 43. Enterprise Management**

The management of a state enterprise is carried out in accordance with existing legislation and enterprise bylaws on the basis of combining the rights and interests of the labor collective and of the enterprise property owner. An enterprise independently determines the management structure and establishes staffs and expenditures on management.

The property owner exercises his rights to manage an enterprise directly or through bodies authorized by him.

The owner or bodies authorized by him can fully or partially delegate these rights to the enterprise management body (council, board, and others) provided for by its bylaws.

The characteristics of managing individual types of enterprises are regulated by appropriate Belorussian SSR legislative acts.

**Article 44. Hiring (Appointing, Electing) an Enterprise Manager**

Hiring (appointing, electing) an enterprise manager is the right of the enterprise property owner and is realized by him directly, as well as through bodies authorized by him, or through the enterprise council (board) or other bodies, to which rights to manage an enterprise are delegated.

**Article 45. Procedure of Solution of Socioeconomic Problems**

Solutions of socioeconomic problems concerning the activity of an enterprise are worked out and adopted by its bodies of administration with the participation of the labor collective or bodies authorized by it.

**Chapter 11. Labor Collective of an Enterprise and Its Powers****Article 46. Labor Collective of an Enterprise**

All citizens participating with their labor in the activity of an enterprise on the basis of a labor agreement (contract, arrangement), as well as other forms regulating labor relations between workers and an enterprise, constitute the labor collective of an enterprise.

**Article 47. Powers of the Labor Collective**

The labor collective solves problems:

- connected with the buyout of enterprise property;
- conclusion of a collective agreement with the enterprise administration, examines its draft, and authorizes the trade-union committee or other trade-union bodies to sign it on behalf of the labor collective;
- election (recall) of representatives to the enterprise council (board) and hearing reports on their activity;
- other problems concerning self-administration of the labor collective in accordance with enterprise bylaws.

The general meeting (conference) is the basic form of exercise of powers by the labor collective of an enterprise.

**Chapter 12. Collective Agreement****Article 48. Conclusion of a Collective Agreement**

A collective agreement is concluded at all types of enterprises and should not contradict existing legislation.

**Article 49. Matters Regulated by a Collective Agreement**

A collective agreement regulates production and labor relations at an enterprise, including matters concerning labor protection, the collective's social development, and its members' health.

**Article 50. Resolution of Differences of Opinion Arising During the Conclusion or Execution of a Collective Agreement**

When differences of opinion arise during the conclusion or execution of a collective agreement, they are resolved in accordance with the procedure established by Belorussian SSR legislative acts.

**Chapter 13. Enterprise Council (Board)****Article 51. Establishment of an Enterprise Council (Board)**

An enterprise council (board) is established in accordance with enterprise bylaws.

An enterprise council (board) consists of an equal number of representatives appointed by the property owner of an enterprise and elected by its labor collective, unless otherwise provided for by enterprise bylaws.

The size of an enterprise council (board) is determined by enterprise bylaws. An enterprise council (board) is formed for the period specified in enterprise bylaws.

#### **Article 52. Labor Guarantees of Enterprise Council (Board) Members**

Enterprise council (board) members elected on behalf of the labor collective during their term of office cannot be (on the initiative of the administration) dismissed from an enterprise, their position (salary) cannot be lowered, and they cannot be transferred to lower-paying jobs without the consent of the general meeting (conference) of the labor collective that elected them.

#### **Article 53. Powers of an Enterprise Council (Board)**

An enterprise council (board):

- determines the general direction in the economic and social development of an enterprise;
- determines the procedure of net profit distribution;
- by representation of the enterprise manager makes a decision on the issue of enterprise securities, as well as on the purchase of securities of other enterprises and organizations;
- solves problems concerning the establishment and termination of activity of affiliates and other separate enterprise subdivisions, entry of an enterprise into groupings and associations, and withdrawal from them;
- makes decisions concerning basic problems of foreign economic activity of an enterprise;
- examines situations of conflict arising between the administration of an enterprise and the labor collective and takes measures to resolve them;
- solves other problems specified by enterprise bylaws.

An enterprise council (board) solves problems pertaining to its competence at its meetings. Interference by the council (board) in day-to-day management activity of the administration is not permitted.

The rules of adoption of decisions by the enterprise council (board) are regulated by enterprise bylaws.

#### **Article 54. Chairman of the Enterprise Council (Board)**

The chairman of the enterprise council (board) is elected at a meeting of the enterprise council from its members by open or secret ballot.

### **Chapter 14. Enterprise Manager**

#### **Article 55. Procedure and Conditions of Hiring (Appointing, Electing) a Manager**

When an enterprise manager is hired (appointed, elected) for the post, a contract (agreement, arrangement) is concluded with him, which determines the rights, duties, and responsibility of the enterprise manager, the term of the contract, and conditions of his

material security and release from the post held with due regard for the guarantees provided for by existing legislation.

#### **Article 56. Powers of an Enterprise Manager**

An enterprise manager independently solves all the problems of enterprise activity with the exception of those related by this law to the competence of the general meeting (conference) of the labor collective and enterprise council (board).

An enterprise manager without power of attorney acts on behalf of the enterprise, represents its interests at all enterprises, institutions, and organizations, disposes of enterprise property, concludes agreements, including labor agreements, issues powers of attorney, opens current and other accounts in banks, uses the right to dispose of funds, approves staffs of the executive management apparatus, issues orders, and gives directives binding on all enterprise workers.

#### **Article 57. Release of an Enterprise Manager From the Post Held**

An enterprise manager can be released from the post held before the expiration of the term of the contract (agreement, arrangement) on grounds provided for in the contract (agreement, arrangement) or in existing legislation.

### **Chapter 15. Deputy Managers of an Enterprise and Managers of Its Structural Subdivisions**

#### **Article 58. Procedure of Appointing Deputy Managers of an Enterprise and Managers of Its Structural Subdivisions**

Deputy managers of an enterprise and managers of subdivisions of the management apparatus and structural subdivisions (production facilities, shops, divisions, departments, sections, farms, and other similar subdivisions of an enterprise and a structural unit of an association), as well as foremen and senior foremen, are appointed to and released from posts by an enterprise manager.

In some cases connected with the specific nature of an enterprise and enterprise bylaws another procedure of appointing deputy managers of an enterprise and managers of its structural subdivisions can be provided for.

#### **Article 59. Procedure of Electing Brigade Leaders**

Brigade leaders are elected at meetings of brigade collectives (by secret or open ballot) and are approved by the manager of the subdivision, which includes these brigades.

In individual cases connected with the specific nature of an enterprise and enterprise bylaws another procedure of appointing brigade leaders can be provided for.

**Article 60. Obligatory Nature of Decisions by Deputy Managers of an Enterprise and Managers of Subdivisions**

Decisions by deputy managers of an enterprise and by managers of structural subdivisions, as well as by foremen and brigade leaders, are binding on all workers subordinate to them.

**Section V. Economic and Social Activity of an Enterprise****Chapter 16. Enterprise Profit****Article 61. Enterprise Profit**

At all types of enterprises profit is the basic generalizing indicator of the financial results of economic activity at an enterprise.

**Article 62. Net Profit. Directions in Its Use**

Profit remaining at an enterprise after taxes are paid and other payments are made into the budget (net profit) is placed at its full disposal. An enterprise independently determines the directions in the use of net profit, unless otherwise specified by bylaws.

State effect on the choice of directions in the use of net profit is exerted through taxes, tax privileges, and economic sanctions.

**Article 63. Transfer of Part of the Net Profit to the Ownership of Members of the Labor Collective at an Enterprise**

In cases provided for by Belorussian SSR legislative acts or enterprise bylaws part of the net profit is transferred to the ownership of members of the labor collective at an enterprise.

The amount of this profit and the procedure of its distribution are determined by the enterprise council (board).

The amount of profit belonging to a member of the labor collective forms his contribution. Shares in the amount of the contribution can be issued to a member of the labor collective. An enterprise annually pays interest (dividends) at rates and in accordance with the procedure determined by enterprise bylaws to a member of the labor collective.

A member of the labor collective has the right to receive the amount of his contribution (value of shares) in accordance with the procedure and during the period determined by enterprise bylaws.

**Chapter 17. Labor Income of an Enterprise Worker****Article 64. Labor Income of an Enterprise Worker**

The labor income of every enterprise worker, irrespective of the type of enterprise, is determined by his personal labor contribution with due regard for the final

results of enterprise work, is regulated by taxes, and is not limited to maximum amounts.

**Article 65. Minimum Amounts of Workers' Wages**

Minimum amounts of workers' wages at all types of enterprises are established by Belorussian SSR legislative acts.

**Article 66. Forms, Systems, and Amounts of Wages**

Forms, systems, and amounts of wages, as well as other types of workers' income, are established by an enterprise independently.

Enterprises can use state wage rates and salaries as guidelines for wage differentiation depending on workers' occupations and skills and on the complexity and conditions of jobs performed by them.

**Chapter 18. Planning of Enterprise Activity****Article 67. Basic Planning Principles**

An enterprise independently plans its activity and determines the prospects for development on the basis of the demand for produced products, jobs, and services and the need to ensure the production and social development of the enterprise and to increase the personal income of its workers.

Agreements concluded with consumers (clients) of products, jobs, and services and with suppliers of material and technical resources form the basis for plans.

**Article 68. Execution of Jobs and Deliveries for State Needs**

An enterprise executes jobs and deliveries for state needs on a contractual basis in accordance with the procedure determined by Belorussian SSR legislative acts.

**Article 69. Coordination of Individual Measures by an Enterprise During Plan Preparation**

An enterprise, irrespective of the form of ownership, during the planning and implementation of economic activity coordinates with the appropriate local soviet of people's deputies measures that can bring about ecological, social, demographic, and other consequences affecting the interests of the population in the territory.

**Chapter 19. Economic Relations of an Enterprise With Other Enterprises, Organizations, and Citizens****Article 70. Economic Relations of an Enterprise With Other Enterprises, Organizations, and Citizens**

Relations of an enterprise with other enterprises, organizations, and citizens in all spheres of economic activities are based on agreements.

Enterprises are free in the choice of the object of an agreement and in the determination of obligations and any other conditions of mutual economic relations not contradicting existing legislation.

**Article 71. Limitation of Free Sale of Individual Types of Products, Jobs, and Services**

The list of individual types of products, jobs, and services, the use of which for internal needs, sale, and exchange cannot be carried out freely, is established by Belorussian SSR legislation.

**Article 72. Mutual Relations of an Enterprise With a Consumer**

In its activity an enterprise takes into account the consumer's interests and his requirements for the quality of products, jobs, and services.

The consumer's interests and rights are protected by Belorussian SSR legislative acts.

**Chapter 20. Material and Technical Provision**

**Article 73. Material and Technical Provision**

On the basis of a study of market conditions, capabilities of potential partners, and information on the price movement an enterprise organizes material and technical provision for its own production and capital construction through the purchase of resources on the market of goods and services.

The purchase of resources on the market of goods and services is made by an enterprise on the basis of direct agreements, in wholesale trade, including at fairs, at auctions, and from organizations for material and technical supply, as well as from other intermediary organizations.

Material and technical provision for jobs and deliveries for state needs is carried out by bodies of the state contract system, which perform functions of a state intermediary.

Material and technical provision for enterprises, public organizations, and disabled persons is carried out from centralized republic resources.

**Chapter 21. Prices and Price Formation**

**Article 74. Price Setting Procedure**

An enterprise sells its products, jobs, services, and production waste at prices and rates set independently or on a contractual basis and, in cases provided for by Belorussian SSR legislation, at state prices and rates.

State regulation of prices is permitted for products of enterprises holding a monopoly position on the market of goods, as well as for resources determining the scale of prices and rates in the economy and social protection for citizens.

**Article 75. Responsibility for Violation by an Enterprise of Prices Set by the State, Their Ceilings, and Rates**

In cases of violation by an enterprise of prices set by the state, their ceilings, and rates of products, jobs, and

services, the excessively obtained amount is subject to withdrawal. Furthermore, a fine is imposed on an enterprise in accordance with the procedure and in amounts established by Belorussian SSR legislative acts.

**Chapter 22. Financial and Credit Relations**

**Article 76. Sources of Formation of Financial Resources at an Enterprise**

Profit, depreciation allowances, funds received from the sale of securities and fixed and other contributions by members of the labor collective, enterprises, organizations, and citizens, as well as other earnings, are the sources of formation of financial resources at an enterprise.

**Article 77. Use of Bank Credit**

An enterprise uses bank credit on a commercial contractual basis.

**Article 78. Procedure of Opening of Accounts in Banks by an Enterprise**

An enterprise has the right to open current and other accounts in any bank for keeping funds and conducting all types of current, credit, and cash operations.

**Article 79. Procedure of Settlements of an Enterprise**

All the settlements of an enterprise, including payments into the budget and wage payments, are made in a calendar order of receipt of settlement documents (arrival of dates of payments). Settlements of an enterprise in respect to its obligations with other enterprises, as a rule, are made by book entry through bank institutions. Cash settlements with enterprises and citizens are made in accordance with the rules of performance of settlement and cash operations.

**Article 80. Delivery of Products, Performance of Jobs, and Rendering of Services According to Credit Agreements. Responsibility of an Enterprise for Observance of Credit Agreements and Settlement Discipline**

An enterprise can deliver products, perform jobs, and render services on credit with the payment by clients (consumers) of interest as for the use of borrowed funds. For the legalization of such trade transactions an enterprise can use promissory notes in the economic turnover.

An enterprise bears full responsibility for the observance of credit agreements and settlement discipline. An enterprise, which systematically does not fulfill its settlement obligations, can be declared insolvent by a bank. Measures of effect and the procedure of their application to such enterprises are determined by banks in accordance with Belorussian SSR legislative acts.

**Chapter 23. Foreign Economic Activity of an Enterprise****Article 81. Implementation of Foreign Economic Activity**

An enterprise has the right to independently implement foreign economic activity in accordance with existing legislation.

**Article 82. Currency Proceeds and Currency Deductions**

Currency proceeds are entered in the currency accounts of an enterprise and are used by it independently. Currency deductions at the disposal of the republic and local soviets of people's deputies are made from the currency proceeds of an enterprise after the deduction of direct currency expenses incurred by this enterprise from its currency funds.

Rates of deductions in favor of the republic and local soviets of people's deputies are regulated by Belorussian SSR legislative acts.

Other withdrawals of the currency funds of an enterprise are prohibited.

**Chapter 24. Social Activity of an Enterprise****Article 83. Procedure of Solution of Problems of Social Development**

Problems of social development, including improvement in working, living, and health conditions and guarantees of mandatory medical insurance for members of the labor collective and their families, are solved by the labor collective with the participation of the enterprise administration in accordance with Belorussian SSR legislative acts.

**Article 84. Provision of Safe Working Conditions by an Enterprise**

An enterprise ensures safe working conditions for all people working at it and bears responsibility in accordance with the procedure established by legislation for the damage done to their health and work fitness.

**Article 85. Rights of Pensioners, Who Worked at an Enterprise, To Social Services and Privileges**

Pensioners, who worked at an enterprise before retiring on pensions, equally with its workers take advantage of the opportunities existing at the enterprise in respect to medical services and provision with housing and passes to health-improving and preventive institutions, as well as—in accordance with the decision of the collective's general meeting (conference)—of other social services and privileges.

**Article 86. Privileges for Women Working at an Enterprise**

An enterprise must constantly improve women's working and living conditions, ensure primarily day work with a shorter work day for women with small children, transfer pregnant women to easier jobs with

harmless working conditions, and grant women other privileges provided for by legislation. An enterprise with harmful working conditions with the labor collective's consent can establish individual shops and sections for offering women easier jobs.

**Article 87. Social Privileges for Enterprise Workers**

The labor collective independently establishes for its workers additional leaves, a shorter work day, and other social privileges within the limits of the earned funds allocated for consumption.

An enterprise creates conditions for job placement and mastering of occupations for persons under the age of 18 and grants them privileges in accordance with Belorussian SSR legislation.

**Article 88. Material Incentives for Workers at Institutions and Organizations Servicing the Labor Collective of an Enterprise**

An enterprise can provide material incentives for workers at enterprises, institutions, and organizations servicing the labor collective and not forming part of it.

**Article 89. Examination of Citizens' Requests and Appeals to an Enterprise**

The examination of citizens' requests and appeals concerning matters connected with enterprise activity and the adoption of decisions on them are the exclusive duty of the enterprise administration.

**Section VI. Enterprise and State****Chapter 25. Guarantees of Rights and Interests of an Enterprise****Article 90. Guarantees of Rights and Interests of an Enterprise**

The state guarantees the observance of the rights and legal interests of an enterprise.

During the performance of economic and other activity an enterprise has the right to make on its own initiative any decisions not contradicting existing legislation.

Interference in the economic and other activity of an enterprise on the part of state, public, and other bodies is not permitted if it does not affect the rights of state bodies to control enterprise activity provided for by existing legislation.

**Article 91. Responsibility of Bodies of State Power and Administration or Other Bodies and Their Officials for Violation of the Rights of an Enterprise**

Bodies of state power and administration and of public organizations, as well as their officials, when making decisions concerning an enterprise and in their relations with it, bear responsibility for the observance of the provisions of this law.

Bodies of state power and administration and of public organizations, as well as their officials, can give an

enterprise directives only in accordance with their competence established by legislation. In case these bodies or officials issue an act not corresponding to their competence or legislative requirements, an enterprise has the right to apply to a court or to the State Board of Arbitration for an annulment of such an act.

Damage done to an enterprise as a result of the fulfillment of directives by bodies of state power and administration and of public organizations, or their officials, who violate enterprise rights, as well as owing to an improper fulfillment by such bodies, or their officials, of obligations in respect to an enterprise provided for by legislation, is subject to compensation by these bodies. Disputes concerning compensation for damage are resolved by a court or by the State Board of Arbitration in accordance with their competence.

#### **Article 92. Provision of Legal and Economic Conditions for the Economic Activity of an Enterprise by the State**

The state provides equal legal and economic conditions of management for an enterprise irrespective of the form of ownership.

The state promotes the development of the market, regulating it by means of economic levers and incentives, realizes antimonopoly measures, and ensures social protection for workers.

The state creates preferential conditions for enterprises engaged in the technical improvement of production and, primarily, introducing discoveries, inventions, and rationalization proposals.

Bodies of state administration build their relations with an enterprise, using economic levers—interest on deposits and loans, income from securities, prices, taxes, tax privileges, economic sanctions, grants and subsidies for specific purposes, the rate of exchange, norms of depreciation allowances, and social, ecological, and other norms and normatives.

In case a state of emergency is declared in accordance with the decree of the Belorussian SSR Supreme Soviet, an enterprise must fulfill the directives of the Belorussian SSR Government.

#### **Chapter 26. Recording and Reporting**

##### **Article 93. Recording and Reporting of an Enterprise**

An enterprise carries out current recording and book-keeping of the results of its work and submits statistical reporting.

##### **Article 94. Procedure of Submission of Statistical Reporting**

Forms of state statistical reporting are established by state statistical bodies and include only actual data, as well as addresses and dates of its submission. It is prohibited to demand the submission of statistical reporting with a violation of the procedure established

by this law. Information not provided for by state statistical reporting can be submitted by an enterprise on a contractual basis, or in accordance with the procedure provided for by Belorussian SSR legislation.

#### **Article 95. Responsibility for Distortion of State Reporting**

For a distortion of state reporting enterprise officials bear disciplinary, material, or criminal responsibility established by legislation.

#### **Chapter 27. Commercial Secret of an Enterprise**

##### **Article 96. Concept of a Commercial Secret**

By a commercial secret of an enterprise is meant information that is not a state secret and is connected with production, technological information, management, finances, and other activity of an enterprise, the divulgence (transmission, leakage) of which can damage its interests.

##### **Article 97. Procedure of Determining the Composition and Volume of Information Constituting a Commercial Secret**

The composition and volume of information constituting a commercial secret and the procedure of protecting it are determined by the enterprise manager in accordance with Belorussian SSR legislation.

##### **Article 98. Responsibility for Divulging Information Constituting a Commercial Secret**

Responsibility for divulging information constituting a commercial secret of an enterprise and for violating the procedure of protecting such information is established by Belorussian SSR legislative acts.

#### **Chapter 28. Enterprise Responsibility**

##### **Article 99. Responsibility for Violating Rules of Implementation of Economic Activity**

For violating contractual obligations, temporary credit and tax discipline, requirements for the quality of output, and other rules of implementation of economic activity an enterprise bears full property responsibility provided for by existing legislation.

The payment of fines and penalties for violating contractual terms, as well as compensation for the damage done, does not release an enterprise, without the consumer's consent, from fulfilling obligations in respect to deliveries of products, performance of jobs, or rendering of services.

##### **Article 100. Responsibility for Violating the Regime of Nature Use, Production Safety Rules, and Sanitary-Hygienic Norms and Requirements**

An enterprise must compensate for the damage done owing to the nonobservance of requirements for an efficient use of land and other natural resources and for

protecting the environment against pollution and other harmful effects and owing to the violation of production safety rules and sanitary-hygienic norms and requirements for protecting the health of its workers, the population, and consumers of products, as well as pay a fine in the amount established by legislation.

The activity of an enterprise violating the established regime of nature use, in accordance with the procedure provided for by Belorussian SSR legislative acts, can be suspended until the committed violations are eliminated.

### **Chapter 29. Control Over Enterprise Activity**

#### **Article 101. Overall Audit of the Financial and Economic Activity of an Enterprise**

An overall audit of the financial and economic activity of an enterprise can be made on the owner's initiative no less often than once a year. The results of an audit are reported to an enterprise.

#### **Article 102. Control Over Individual Aspects of Enterprise Activity**

Tax and other state bodies entrusted by Belorussian SSR legislative acts with checks on individual aspects of enterprise activity can make such checks as the need arises and strictly within their competence. An enterprise has the right not to fulfill the demands of these bodies concerning matters not within their competence and not to familiarize them with materials not pertaining to the subject of control.

The results of checks are reported to an enterprise.

Enterprises, organizations, institutions, and public associations, under which cooperatives are established, exercise financial control over the results of their activity.

### **Chapter 30. Relations of an Enterprise With Bodies of State Administration and Local Self-Administration**

#### **Article 103. Mutual Relations of an Enterprise With Bodies of State Administration and Local Self-Administration**

Mutual relations of an enterprise with bodies of state administration and local self-administration are built in accordance with this law and other Belorussian SSR legislative acts establishing the competence of these bodies.

#### **Article 104. Participation of an Enterprise in the Formation of Extrabudgetary Financial Funds for Specific Purposes**

An enterprise has the right to take part on a strictly voluntary basis in the formation of extrabudgetary financial funds for specific purposes of the republic and local soviets of people's deputies.

#### **Article 105. Participation of an Enterprise in Overall Economic and Social Development of a Territory**

An enterprise participates in work on the overall economic and social development of a territory carried out by a local soviet of people's deputies with the funds of the local budget.

In accordance with the decision of a local soviet of people's deputies, or another state body, with the funds of these bodies an enterprise establishes additional workplaces, including workplaces specialized for persons with limited work fitness, for placing citizens, to whom the state grants additional employment guarantees, in jobs.

### **Section VII. Liquidation and Reorganization of an Enterprise**

#### **Chapter 31. Conditions of Liquidation and Reorganization of an Enterprise**

#### **Article 106. Conditions of Liquidation and Reorganization of an Enterprise**

The activity of an enterprise can be terminated through its reorganization or liquidation.

The liquidation and reorganization (merging, joining, division, separation, or transformation) of an enterprise are carried out in accordance with the decision of its property owner, or the body authorized to establish such enterprises, or a court, or a board of arbitration.

The reorganization of an enterprise, which can cause ecological, social, demographic, and other consequences affecting the interests of the population's territory, should be coordinated with an appropriate local soviet of people's deputies.

An enterprise is also liquidated in the following cases:

- if it is declared bankrupt;
- if a decision is made on prohibiting the activity of an enterprise owing to the nonfulfillment of conditions established by legislation and if the observance of these conditions is not ensured, or the type of activity is not changed, during the period provided for by the decision;
- if constituting instruments on the establishment of an enterprises are annulled by a court decision;
- on other grounds provided for by Belorussian SSR legislative acts.

An enterprise is considered reorganized or liquidated from the time of its exclusion from the Belorussian SSR state register.

#### **Article 107. Guarantees of Rights of Dismissed Workers**

During the reorganization and liquidation of an enterprise dismissed workers are guaranteed the observance of their rights and interests in accordance with existing legislation.

**Article 108. Reorganization (Merging, Joining, Division, Separation, and Transformation) of an Enterprise**

In case an enterprise merges with another enterprise, all the property rights and obligations of each of them pass to the enterprise resulting from the merging.

When one enterprise joins another, all the property rights and obligations of the joined enterprise pass to the former.

In case an enterprise is divided, the property rights and obligations of the reorganized enterprise pass according to the dividing act (balance), in appropriate parts, to the new enterprises established as a result of this division.

When one or several new enterprises separate from an enterprise, the property rights and obligations of the reorganized enterprise pass to each of them according to the dividing act (balance) in appropriate parts.

When one enterprise is transformed into another, all the property rights and obligations of the previous enterprise pass to the newly emerging enterprise.

**Article 109. Liquidation Commission**

The liquidation of an enterprise is carried out by the liquidation commission formed by the owner or the body authorized by him and, in cases of bankruptcy of an enterprise, by a court or by a board of arbitration. In accordance with their decision the liquidation can be carried out by the enterprise itself in the person of its body of administration.

The owner, court, board of arbitration, or body authorized to establish enterprises, which makes a decision on the liquidation of an enterprise, establishes the procedure and period of liquidation, as well as the period of filing of creditors' claims, which cannot be less than two months from the time the liquidation is announced.

The liquidation commission, or another body conducting the liquidation of an enterprise, within a 10-day period reports this to the Belorussian SSR Ministry of Finance and to the Belorussian SSR State Committee for Statistics and Analysis, in order to exclude the enterprise from state and Belorussian SSR registers respectively, and places an announcement on its liquidation and on the procedure and period of filing of creditors' claims in the official press at the enterprise's location. Along with this publication the liquidation commission, or the body conducting the liquidation, must carry out work on collecting debts owed to the enterprise and on uncovering creditors' claims, notifying the latter of the enterprise's liquidation.

The liquidation commission, or the body conducting the liquidation, evaluates the available property of the liquidated enterprise, settles accounts with creditors, draws up the liquidation balance, and submits it to the owner or to the body that appointed the liquidation commission.

**Chapter 32. Satisfaction of Creditors' Claims**

**Article 110. Procedure of Satisfaction of Claims**

Creditors' claims against the liquidated enterprise are satisfied from the property of this enterprise. At the same time, debts to budgets are satisfied and expenditures on the recultivation of land used by the liquidated enterprise are compensated for on a priority basis.

Claims uncovered and filed after the expiration of the period established for their filing are satisfied from the enterprise property remaining after the satisfaction of top-priority claims, uncovered claims, and claims filed during the established period.

Claims not satisfied owing to the shortage of property are considered disposed of. Claims not recognized by the liquidation commission or body conducting the liquidation are also considered disposed of if, during the period of 1 month from the day of receipt of the report on a full or partial nonrecognition of claims, creditors do not bring actions to a court or to the State Board of Arbitration for the satisfaction of their demands.

**Article 111. Obligations of an Enterprise to Members of the Labor Collective and Other Persons During Its Liquidation**

During the liquidation of an enterprise time payments due from this enterprise in connection with injury or other damage to health, or with a person's death, are capitalized.

During the liquidation of an enterprise the contribution of a member of the labor collective is given to him in the form of money or securities after the satisfaction of creditors' claims.

**Article 112. Use of Property Remaining After the Satisfaction of Claim**

Property remaining after the satisfaction of claims by creditors and members of the labor collective is used according to the owner's instructions.

**Article 113. Succession During Reorganization of an Enterprise**

During the reorganization of an enterprise its rights and duties pass to successors.

[signed] *N. Dementey, chairman of the Belorussian SSR Supreme Soviet, Minsk, 14 December 1990*

**Decree on Implementation of Law**

914A0696B Minsk SOVETSKAYA BELORUSSIYA  
in Russian 27 Dec 90 p 2

[Procedure of Implementation of the Belorussian SSR Law "On Enterprises in the Belorussian SSR"]

[Text] The Supreme Soviet of the Belorussian Soviet Socialist Republic decrees:

1. To implement the Belorussian SSR Law "On Enterprises in the Belorussian SSR" as of 1 January 1991; the second part of article 70 for state enterprises, as of 1 January 1992.

2. To establish that:

- until Belorussian SSR legislation is brought into conformity with the Belorussian SSR Law "On Enterprises in the Belorussian SSR" existing legislation is applied if it does not contradict this law;
- until legislative acts regulating matters of denationalization are adopted, a change in the status of a state enterprise is not permitted.

3. The Belorussian SSR Council of Ministers:

**before 1 January 1991**

—must ensure a revision and repeal by ministries, state committees, and Belorussian SSR departments of normative acts contradicting the mentioned law;

**before 1 February 1991**

—must work out and submit to the Belorussian SSR Supreme Soviet the procedure of delegating the rights of enterprise property owners to councils (boards) of these enterprises;

**before 1 March 1991**

—must establish a list of types of economic activities, the implementation of which requires a special permission (license), as well as the procedure of receipt of licenses by enterprises;

—must work out and approve a list of types of products, jobs, and services, the use of which for internal needs, sale, and exchange cannot be carried out freely by enterprises;

**before 1 June 1991**

—must submit to the Belorussian SSR Supreme Soviet proposals on bringing Belorussian SSR legislative acts in conformity with the Belorussian SSR Law on Enterprises in the Belorussian SSR; —must bring the decrees and regulations of the Belorussian SSR Government in conformity with this law;

—must ensure the reregistration of all enterprises, which began their activity before the implementation of the Belorussian SSR Law on Enterprises in the Belorussian SSR.

[signed] *N. Dementey, chairman of the Belorussian SSR Supreme Soviet, Minsk, 14 December 1990*

**Belorussian Measures To Ease Burden of Price Reform**

914A07364 Minsk SOVETSKAYA BELORUSSIYA  
in Russian 24 Apr 91 p 2

[Report from Belorussian SSR Council of Ministers Information Service: "On Measures Taken by the Belorussian SSR Government for Social Protection of the Population and Also the Results of the Consideration of the Demands of the Minsk City Strike Committee Taking the Retail Price Reform Into Account"]

[Text] During the course of negotiations with representatives of the Minsk City strike committee, the group from the Belorussian SSR Council of Ministers accepted the following demands of the strike committee for consideration:

- higher wages, pensions, stipends, grants, and compensations to the republic populace because of the higher retail prices;
- abolition of the sales tax;
- reduction of the number of workers employed by the state apparatus;
- abolition of the five percent tax on the profit of enterprises and organizations for cleaning up after the disaster at the Chernobyl nuclear power plant;
- reduction of prices of fruit and vegetable juices.

When these problems were being considered, representatives of the strike committee were informed of measures already taken in the republic for the social protection of the population in connection with the retail price reform and possible additional steps on the part of the republic government to increase the social protection of its citizens.

In this connection we consider it necessary to report the following:

**On Increasing Wages, Pensions, and Stipends**

As we know, since the beginning of this year the Belorussian SSR has taken measures intended to provide for the social protection of the populace under the conditions of the price reform and the overall reduction of the standard of living in the country. And many of the decisions adopted in the republic go beyond the measures taken in the USSR as a whole.

1. In the area of wages in the production branches of the national economy, previous restrictions have been removed from the basic wage fund applied for calculating the consumption fund (decree of the Belorussian SSR Council of Ministers of 6 April 1991, No. 130). Enterprises and organizations have been given the right to use part of the profit remaining at their disposal to reduce food costs for workers; funds used for these purposes are not counted in the consumption fund.

Thus the enterprises have been given the opportunity to take full advantage of their authority in determining wages. Many of them are already doing this.

By the decree of the Belorussian SSR Council of Ministers of 22 March 1991, No. 100, beginning in the second quarter the tax rate on profits of enterprises and organizations was reduced to 35 percent, and by the decree of the Belorussian SSR Council of Ministers of 6 April 1991, No. 130, the amount of amortization deductions paid by enterprises into the fund for financing republic and regional social programs was reduced from 40 percent to 20 percent; deductions from enterprises and organizations into the road fund have been reduced from one percent to 0.5 percent of the volume of output produced.

This creates additional possibilities for the enterprises to increase their consumption and wage funds.

**We consider it necessary to take the following additional measures in this sphere:**

—**to envision the possibility of reducing the rates of taxing profit** in the various branches and individual enterprises that have low profitability. This will require making the corresponding changes in the Belorussian SSR draft law: "On Tax From Enterprises, Associations, and Organizations," submitted to the regular session of the Belorussian SSR Supreme Soviet;

—**to instruct the Belorussian SSR State Committee for Labor and Social Problems to complete in the near future the preparation of recommendations concerning the inclusion of greater compensations in the wage rates and salaries.** This will make it possible to raise the level of state guarantees of minimum wages and, taking into account the fact that the rates are the basis for determining the amounts of bonuses, additional payments, increments, and other payments—the real wage level rises;

—**in the second half of this year, to change over to the new republic rate system**, taking into account the revision of the minimum wage levels and the subsistence minimum (the necessary materials have already been prepared by the Belorussian SSR State Committee for Labor and Social Problems).

With respect to enterprises under Union jurisdiction that sell products at fixed prices, the Belorussian SSR Council of Ministers must **guarantee its mediation in resolving in the Union ministries issues related to the establishment of corrective coefficients to these prices** based on the changes in wholesale prices for materials, fuel, energy, shipment, and so forth.

2. Measures are also being taken to provide for protection of workers in the **nonproduction sphere**, underprivileged segments of the population, and families with children. The decree of the Belorussian SSR Council of Ministers of 11 January 1991, No. 14, raised the wage level of workers in education, public health, and culture

within the range of 30-50 percent. On 18 April 1991 the Belorussian SSR Council of Ministers adopted decree No. 153 on raising the wage level for workers in the higher schools.

In keeping with the decree of the Belorussian SSR Council of Ministers of 22 March 1991, No. 100, the amounts of stipends for VUZ [higher educational institution] students doubled as compared to the beginning of the year. Stipends for students in tekhnikums and vocational and technical schools more than doubled. In keeping with the decree of the Belorussian SSR Council of Ministers of 6 April 1991 No. 130, the cost of food for students and pupils has decreased.

The decree of the Belorussian SSR Council of Ministers of 6 April 1991 No. 130 introduced additional (60 rubles [R]) compensations for mothers on leave to care for their children until they reach three years of age, and there has been a considerable increase in the amounts of special compensations related to the higher prices of goods for children from R200, R240, and R280 to R360, R400, and R460 per year, depending on the ages of the children.

**We consider it necessary to take the following additional measures:**

—**to increase further wages of workers in culture, public education, and public health** (proposals concerning this issue are being prepared by the Belorussian SSR State Committee for Labor and Social Problems, the Belorussian SSR Ministry of Finance, and the corresponding branch ministries);

—**in the second quarter of 1991 to introduce new benefits for unemployed pensioners** in the form of annual payments of certain monetary sums from the budget.

#### On the Sales Tax

The sales tax was introduced in the republic on the basis of the USSR president's ukase of 29 December 1990. Taking into account the forthcoming retail price reform and in order to reduce the expenditures made by the populace on the acquisition of certain socially significant goods and services, the Belorussian SSR Council of Ministers, by the decree of 22 March 1991 No. 100, established an extensive list of consumer goods and services for which there will be no sales tax.

Benefits were established amounting to a total of about R400 million.

Taking into account the sharp decline of the standard of living of the workers because of the higher retail prices, the **republic government adopted a decision (instructions of 20 April 1991 No. 205-r) to remove taxes from the following additional foodstuffs:**

—**confectionery items sold in keeping with price lists 005, I-005, 005 (01-15) and also at contractual (free) prices;**

- vegetable oil, margarine products, and mayonnaise** sold in keeping with price lists 006, I-006, and 006(01-15);
- tea, regular coffee, and coffee and cocoa drinks** sold in keeping with price lists 009, I-009, and 009 (01-15) and also at contractual (free) prices;
- fish, fish goods, preserved fish, and products from sea mammals** sold in keeping with price lists 010, I-010, 010A, and II010A, and also at contractual (free) prices, except for delicacies made of valuable kinds of fish and sea products;
- concentrated foods** sold in keeping with price lists I-014 and 014 (01-15) and also at contractual (free) prices;
- beer, nonalcoholic beverages and mineral waters, kvass, syrup and carbonated water** sold in keeping with price lists 015, I-015 and 015 (01-15) and also at contractual (free) prices;
- vegetable and tomato preserves and juices** sold at contractual (free) prices;
- canned fruit, juices, preserves, jam, and jellies** sold in keeping with price list I-018A and also at contractual (free) prices;
- domestic and imported citrus fruits, dates, and other tropical fruits** sold in keeping with price list I-019 and also at contractual (free) prices;
- fresh and fast-frozen fruits, potatoes, and vegetables** sold in keeping with price lists 023 and I-023 and also at contractual (free) prices.

As a result of the establishment of additional benefits, all food products, including fruit and vegetable products and products from their processing, with the exception of delicacies made of meat and fish products, are free of sales tax.

It is not possible to introduce exemptions for all goods and services sold in the republic (including those coming in from other republics and foreign countries) without coordinating these actions with organs of the USSR and other republics.

#### On Reduction of the Size of the State Administrative Apparatus

There are 593,600 administrative and management personnel employed in the republic's national economy, which is 11.7 percent of the overall number of workers.

There are 528,300 management personnel employed directly at the enterprises, organizations, kolkhozes, sovkhozes, and institutions, or 89 percent of the overall number of administrative workers in the republic's national economy; and in the apparatus of cooperatives—20,700 (3.5 percent).

At industrial enterprises 182,000 people are employed in management activity (30.7 percent of the overall number

of management personnel), in construction organizations—72,800 (12.3 percent), in agriculture—85,200 (14.4 percent), and in the nonproduction branches—94,300 (15.9 percent).

In the apparatus of organs of state and economic administration, administration of cooperative and social organizations (except for party, Komsomol [Leninist Communist Youth League], and trade union organs) the number of management workers amounts to 44,600 (7.5 percent of the overall number).

**The number of workers of the apparatuses of state administrative organs amounts to 37,400, of whom there are:**

- in the central apparatuses of the ministries and departments—4,211 (0.7 percent of the overall number of administrative personnel in the republic);
- in the apparatuses of the oblast administrative organs—8,919 (1.5 percent);
- in the apparatuses of the rayon administration organs—16,197 (2.7 percent);
- in the apparatuses of village and rural soviets of people's deputies—8,025 (1.3 percent).

On 17 April of this year the republic government adopted a decision to further reduce the number of workers of the central apparatus of the ministries and departments of the production sphere, including the Belorussian SSR Ministry of Agricultural Production—by 34 percent, the Belorussian SSR Ministry of Trade—30 percent, and the Belorussian SSR State Committee for Fuel and Gas—by 20 percent. They have abolished the Belorussian SSR Ministry of the Timber Industry and the Belorussian SSR State Committee for Petroleum Products. It was also recommended that the ispolkoms of the local soviets of people's deputies reduce the number of workers in their apparatuses by 15-20 percent (the government cannot give the soviets a categorical instruction since, according to the Belorussian SSR law on local self-government and local economy, the establishment of the staffs of the soviets and their ispolkoms and also expenditures on their maintenance are exclusively within the competence of the corresponding soviets).

**As concerns the establishment of the number of workers of the administrative apparatuses of enterprises (528,000), the Belorussian SSR law on enterprises grants this right to the enterprises themselves.**

At the present time the maintenance of the administrative apparatus of 17 ministries and departments is provided through economically accountable activity (2,023 units with overall expenditures of R21.1 million) and the apparatus of 27 ministers and departments are maintained through the state budget (2,267 units for a sum of about R20 million per year).

Republic social organizations employ 4,190 administrative workers. The administrative apparatus of social organizations is maintained through economic activity

or membership dues and they are not financed through the state budget nor are they allotted hard currency by the Belorussian SSR Government.

As for the activity of the Belorussian Society for Friendship and Cultural Ties with Foreign Countries, its monetary funds are formed from deductions from social organizations of the republic and branches of the society, from revenues from publishing and economic activity, and from voluntary contributions from various organizations, associations, and institutions. There are also state subsidies which this year are earmarked in the amount of R202,000. State assistance is rendered because the society is working actively to enlist funds from foreign organizations in order to implement the most important social programs. Thus last year, in order to conduct Belorussian Days abroad, the society used 2,700 foreign currency rubles. At the same time it received \$20,300 from its foreign partners, \$13,000 of which was to render aid to those suffering from the Chernobyl disaster. In 1991 an account was opened for the society and \$6,900 have already been deposited in it from abroad. This money will be used to help those suffering from the Chernobyl disaster.

**At the present time we are developing a new general plan for management of the republic national economy which presupposes a radical restructuring of the activity of administrative organs under the conditions of the republic's transition to a market economy.** The completion of this work is earmarked for the fourth quarter of 1991. This plan will make it possible to clarify the functions and structure of the administrative organs and provide for making the activity of state administrative organs and economic subjects correspond completely to the legislative acts of the Belorussian SSR. The organizational and structural changes will be made comprehensively and they will encompass all levels and units of state and economic management.

#### On the Five Percent 'Chernobyl' Tax on Enterprises

The implementation of measures for cleaning up after the disaster at the Chernobyl nuclear power plant requires significant additional expenditures in excess of the sums earmarked to be allotted from the state budget. For this year this sum was determined in the amount of R5.6 billion. And Union organs are only allotting R3.8 billion. Financial resources are being allotted by Union organs for eliminating the consequences of this disaster on the basis of the Union-republic program that has been established.

Since it is impossible to finance additional measures envisioned by the republic program with additional budget resources, an emergency tax was introduced in the amount of five percent of the profit of all enterprises located on the territory of the republic. In the plan for this year, the revenues from the emergency tax have been earmarked in the amount of R643,400.

During the first quarter of this year R166.3 million have come in under this item.

The position of the republic government regarding the abolition of this tax will be determined taking into account the completeness of the fulfillment of the requirements of the Belorussian SSR in the Union law on social protection of the populace suffering from the disaster at the Chernobyl nuclear power plant which was submitted to the USSR Supreme Soviet for a second reading.

#### On Fruit and Vegetable Juices Sold in the Republic

Taking into account the importance of juices in the diet of the populace, on 20 April 1991 the government adopted a decision to restore the previous retail prices for fruit and vegetable juices produced and sold in the republic. This requires that approximately R65 million be found for the subsidy in 1991.

#### Kazakh Draft Law on Denationalization, Privatization

##### Text of Draft Law

914A0723A Alma-Ata KAZAKHSTANSKAYA PRAVDA  
in Russian 18 Apr 91 p 2

[Text of Draft Law of the Kazakh Soviet Socialist Republic "On the Conversion of State Property in the Kazakh SSR (On Denationalization and Privatization)"]

[Text] The current law defines the legal bases, rules and procedures for the converting of state property in Kazakhstan with provision for dividing property into common-Union, republic and communal, as well as the denationalization and privatization of property. The law is aimed at establishing various forms of property and establishing conditions for the development of competition and entrepreneurship, leasing relations as well as an efficient, socially-oriented market economy.

#### Section I. General Provisions

##### Article 1. Basic Concepts

Denationalization is the converting of state enterprises into enterprises operating under leasehold arrangements as well as those based on collective forms of ownership and citizen ownership with the state's transferral of its economic managerial functions and appropriate powers to the enterprise level.

Privatization is the acquiring from the state by citizens and legal entities (if their property is not state property) of enterprises, unified material facilities of production capital or stocks of state stock societies, cultural and service facilities, state-owned housing, including department-owned.

The state loses the right of the possession, use and disposal of privatized objects of ownership while the state bodies lose the right to manage them.

**Article 2. Legislation of the Kazakh SSR on Transforming State Property**

1. The current law regulates the changes in property relations arising in the process of the denationalization and privatization of state property located on the territory of the Kazakh SSR.
2. The particular features of privatizing state-owned housing are regulated by the Kazakh Law on the Privatization of Housing.
3. The particular features of privatizing the property of state-owner agricultural enterprises are to be regulated by special legislation.
4. The legal relations arising in the process of denationalization and privatization are also regulated by the Kazakh laws: "On Property in the Kazakh SSR," "On Foreign Investments in the Kazakh SSR" and other legislative enactments.
5. The privatization of Kazakh property located outside the limits of the republic is to be carried out according to privatization legislation in effect on the corresponding territories.

**Article 3. Property of the Kazakh SSR**

Proceeding from the provisions of the Declaration on State Sovereignty of the Kazakh SSR that all national wealth located on republic territory is its property, the Kazakh SSR, considering the interests of the other sovereign republics and the USSR as a whole, participates in forming common-Union property.

From its own state property the Kazakh SSR forms republic and communal property.

**Article 4. Forming Common-Union Property**

The Kazakh SSR, in agreement with the other sovereign republics, forms common-Union property, in transferring to the USSR a portion of the state property located on the territory of the Kazakh SSR and required for the USSR to carry out its functions.

**Article 5. The Forming of Republic Property**

The republic property of the Kazakh SSR includes installations of exclusive ownership of the Kazakh SSR as well as the property of the administrative bodies of the Kazakh SSR, cultural and historical monuments of the people of the Kazakh SSR, the assets of the republic budget, the republic banks, the republic insurance, reserve and other funds as well as enterprises and material installations of republic subordination and other property ensuring the sovereignty of the republic, its social and economic development.

**Article 6. The Formation of the Communal Property of the Kazakh SSR**

1. Communal property is formed on the territory of the administrative-territorial units considering the opinion

of the oblast, city and rayon soviets from a portion of the state property on the basis of the Kazakh laws "On Property in the Kazakh SSR" and "On Local Self-Administration and the Local Soviets of the Kazakh SSR."

2. The rayon and city soviets, considering the opinion of the inferior local self-administrative bodies, transfer to them fully or in part the rights to employ, possess and dispose of the communal property needed for exercising the functions of local self-administration.

**Article 7. The Separation of Powers in Converting the State Property of the Kazakh SSR**

1. The common-Union, republic and communal property is formed from the state property of the Kazakh SSR by the State Committee of the Kazakh SSR for the Administration of State Property.
2. The denationalization and privatization of state property on the territory of the Kazakh SSR are to be carried out by the following:
  - the Fund of USSR State Property in terms of the property turned over to common-Union property;
  - the State Committee of the Kazakh SSR for the Administration of State Property for the republic property;
  - the republic, city and rayon soviets for the communal property formed on the basis of existing state property as well as that property created or purchased by them in accord with the legislation of the Kazakh SSR.
3. The state bodies can amend the rights of state property on the level of the powers obtained from the State Committee of the Kazakh SSR for the Administration of State Property and the local soviet.

**Article 8. The State Committee of the Kazakh SSR for the Administration of State Property**

1. The State Committee of the Kazakh SSR for the Administration of State Property and its territorial bodies (below the Committee) represents the interests of the state in regards to the property of the Kazakh SSR turned over to it in possession, use and disposal.
2. The Committee has the right to delegate the rights of possession, use and management of the property of the Kazakh SSR to the state bodies and economic principals on the territory of the republic as well as outside it.
3. The Committee's decisions taken within the limits of its competence and powers relating to the disposal of state property are obligatory for all levels of state and administrative bodies.
4. The Committee is directly subordinate to the President of the Kazakh SSR and reports to the Kazakh Supreme Soviet.

The Committee's chairman is not a member of the Kazakh Cabinet of Ministers.

5. The Committee chairman is the representative of the Kazakh SSR on the Fund of USSR State Property.

6. The status and powers of the Committee are determined by the provision approved by the Kazakh Supreme Soviet.

#### Article 9. The Objects of Denationalization and Privatization

1. The denationalization and privatization of state-owned facilities are permitted in all spheres of the economy, including installations of the defense sector of industry in the area of the production of civilian products, the diamond and gold mining industry, with the exception of the facilities stipulated in Point 3 of the current article.

2. The state-owned facilities which can be privatized may be enterprises, organizations, their structural units and subunits which are a unified material facility of production capital (below, enterprises), cultural and service facilities, the state housing and other material valuables.

3. Not subject to denationalization and privatization are the facilities of exclusive property of the Kazakh SSR.

The Committee and the local soviets, in accord with their competence, approve the lists of types of enterprises which are not subject to denationalization or privatization considering the interests of state defense and security, the preservation of the environment and the health of the population as well as the necessity of ensuring the state monopoly for individual types of activity.

4. A state-owned facility from the moment of the passage of a decision to privatize it becomes a facility of privatization and the management and disposal of it are carried out in accord with the conditions established by the Committee or by the local soviet.

#### Article 10. Purchaser, Seller and Intermediary

1. A purchaser in the privatizing of state property can be citizens of the Kazakh SSR, citizens of other republics, citizens of foreign states as well as persons without citizenship in addition to legal entities, if their property is not state property (below, the purchaser).

A labor collective or a group of workers from a state enterprise in the privatizing of it can act as a collective buyer. The relationships of individuals coming together as a collective buyer are determined by the bylaws approved at the general meeting. The bylaws are registered with the Committee or the local soviet.

2. The seller of state-owned facilities are the following: the Committee in the area of republic property and the local soviets in the area of communal property (below, the seller).

3. The buyer and the seller can use the services of an intermediary in the form of state and nonstate organizations operating on a commercial basis with the agreement of one of the parties.

#### Article 11. The Program of Denationalization and Privatization

1. The aims, mechanism, the benefits and limitations in carrying out privatization are to be defined by a program for the denationalization and privatization of property of the Kazakh SSR (below, the Program) and to be approved by the Kazakh President.

2. The Program provides for the following:

—the establishing, considering the particular features in the structure of the republic economy, of the choice of the facilities and forms of denationalization and privatization for the republic and communal property;

—a consolidated list of the most important state-owned facilities (types of enterprises) subject to denationalization and primary privatization in the given period;

—the procedure and mechanisms for assessing the value of the property to be privatized and its sale;

—the particular features and sequence in carrying out denationalization and privatization of state-owned facilities considering the sectorial and territorial differences, the scale and importance of the enterprises, the level of technical sophistication and the nature of the product as well as the opinion of the labor collective;

—the benefits and particular conditions for participating in the process of privatization for citizens and legal entities of the Kazakh SSR;

—the procedure and forms for the privatizing of state housing, including institution-owned;

—types and groups of enterprises which are not subject to denationalization and privatization.

#### Section II. Procedure of Denationalization and Privatization

##### Article 12. Permission for Denationalization and Privatization of an Enterprise

1. Denationalization and privatization of a state enterprise can be carried out upon the initiative of the labor collective or a group of employees, citizens, legal entities as well as the seller.

A statement on denationalization and privatization of republic property is submitted to the Committee and for communal property to the local soviet.

The form of the statement and the amount of the state fee paid upon its submission are set by the Committee.

2. For the state-owned facilities included in the program of denationalization and privatization, the seller carries out privatization regardless of the presence of statements from the buyer and the decision of the labor collective.

3. The seller takes the decision to carry out denationalization and privatization within 30 days from the moment of receiving the statement and in a written form notifies the purchaser and the labor collective of the enterprise of the decision.

4. In the event of the seller's refusal to denationalize and privatize, the reasons for this should be valid.

#### **Article 13. Preparation of State-Owned Facilities for Denationalization and Privatization**

1. A seller having taken a decision to denationalize and privatize a state-owned facility establishes a commission for its privatization (below, the Commission).

The Commission is formed from the representatives of the property, the enterprise administration, its labor collective, the financial bodies and bank, the state statistical bodies, the trade union organization and other specialists.

2. The commission works out and submits to the seller a plan for the denationalization and privatization of the state-owned facility and this includes:

- the forms and dates for carrying out denationalization and privatization;
- setting the value of the facility;
- proposals on the directions for the further use of the privatized property;
- forms and dates of payment;
- the possibility of granting benefits to the buyer, including the gratis transfer of a portion of the property to be privatized;
- proposals on the further use of the remaining unprivatized property.

3. Upon instructions from the seller, the commission carries out organizational work to prepare for and hold a submitting of bids or auction.

#### **Article 14. Forms of Denationalization and Privatization**

1. Denationalization and privatization of a state-owned facility can be carried out in the following forms:

- the leasing of the property of the state enterprise;
- the converting of the state enterprise into a stockholder society, another economic society or association;

—the purchasing of the property of the state enterprise by the members of the labor collective;

—the selling of the property of the state enterprise to legal entities, the property of which is not state property, and to citizens by bidding or auction.

2. The selection by bidding consists in granting an advantage to the buyer which offers better conditions from the viewpoint of the seller.

3. The acquiring of privatization facilities by auction consists in granting the right of ownership to the purchaser offering the maximum price.

#### **Article 15. Means and Methods of Payment**

1. Denationalization and privatization are carried out primarily on a compensatory basis. The seller, in the procedure established by the decisions of the Kazakh Supreme Soviet and the ukases of the Kazakh President, can employ the gratis transfer of state property to labor collectives and citizens of the Kazakh SSR.

2. The legal means of payment of the USSR as well as state securities (coupons or certificates and so forth) are employed in payments between buyer and seller when these means are directed into denationalization and privatization within the procedure set by the Kazakh Supreme Soviet.

3. For acquiring the facilities of state property the purchaser can employ his own or borrowed funds or other means which are not state property.

The collective buyer can also employ a portion of the profit left at the disposal of the labor collective as well as amortization deductions in the procedure set by the Committee.

Enterprise profit being employed for a buy out is not taxed.

With the agreement of a majority of the labor collective for a buy out it is possible to employ a portion of the enterprise consumption fund (economic incentive funds).

4. Payment for the value of the property of the enterprises to be transformed can be made simultaneously or on time payments. The method of payment can operate as one of the conditions in acquiring privatization facilities by competitive bid.

With a deferred-payment sale the amount of the initial down payment, the time of repayment, the conditions and procedure for making payments as well as responsibility for the completeness and promptness of the payments are set by the seller.

**Article 16. Assessing the Value of a Facility for Denationalization and Privatization**

1. The value of the facilities is to be assessed by a commission on the basis of normative documents set by the Committee and the Kazakh Ministry of Finances.
2. The value of the property at the enterprises to be privatized is determined on the basis of residual value considering the actually existing prices, the demand for the produced product (service), its competitiveness, production profitability, the prospects for the development of the enterprise, the world price level and other factors.

**Article 17. Purchase of the Property of a Leased State Enterprise**

1. The procedure for purchasing the property of a leased state enterprise is determined by the Kazakh legislation on leasing.
2. The designated property is purchased from the internal funds of the lease enterprise, including the income obtained from economic activities under lease conditions, receipts from the sale of property belonging to the lessee, as well as from credits and assets obtained from the enterprises, organizations and citizens in accord with the current legislation and other own and borrowed assets.
3. For purchasing leased property, it is not possible to employ allocations from the budget, other centralized sources, assets obtained from the receipts from the sale of leased property or rent paid by the leased enterprise.

**Article 18. Transformation of a State Enterprise Into a Joint Stock Society**

1. The procedure for converting a state enterprise into a joint stock society is determined by the legislation of the USSR and the Kazakh SSR.
2. The founder of the state stockholder societies are the Committee and the local soviets within the limits of their competence or bodies empowered by them.

In the event of the formation of a collective buyer at the enterprise, the converting of the state enterprise into a joint stock society can be carried out only with its [the buyer's] agreement.

3. The Committee and local soviets determine the procedure and conditions for selling the stock. The following may act as stockholders:

Members of the labor collective, other Soviet and foreign citizens or persons without citizenship;

Legal entities including foreign.

**Article 19. Conversion of a State Enterprise Into a Collective Enterprise**

1. The converting of a state enterprise into a collective enterprise is carried out by the purchase of the property

of the state enterprise as the property of the labor collective or the acquisition of the property by other legally stipulated methods.

2. The bylaws approved by the labor collective at a collective enterprise stipulate the procedure for dividing the property into worker shares as well as other questions related to the operation of the collective enterprise.

**Article 20. Acquisition of a State-Owned Facility by Competitive Bidding**

1. In the event of a monopoly position or the particular social significance of the state-owned facility, as a rule, sale by competitive bid is employed.
2. The conditions of the competitive bid can be:
  - maintaining the specialty and volume of production, the range of the produced product or rendered services;
  - the delivery of the product to certain consumers;
  - price formation conditions including a limitation for the limit price level;
  - carrying out measures relating to ecological safety and environmental protection;
  - the maintaining or creating of new jobs;
  - maintaining the existing procedure and conditions for utilizing the facilities of the production and social infrastructure;
  - a restriction on the reselling of the privatized facility for a certain period of time;
  - the price of the facility to be privatized.

3. The conditions and procedure for holding the competitive bidding are set by the commission on the basis of the regulation approved by the Committee on the organization of competitive bidding for the purchase of state-owned facilities.

**Article 21. Purchase of State-Owned Facility by Auction**

1. The seller takes a decision to put up a facility to be privatized at auction, as a rule, if the competitive bidding ends inconclusively.
2. An auction is organized by the seller or upon his authorization by the commission or intermediary.
3. The basis for the initially set price of the state-owned facility to be sold at auction is its appraised value. The purchase price of the facility is determined in the course of the bids at auction. This cannot be more than 15 percent below the initial price.
4. The conditions and procedure for holding the auction are determined by the provision approved by the Committee for the organization of auctions to purchase state-owned facilities.

**Article 22. Benefits to the Employees of the Labor Collective**

1. The collective purchaser formed by the employees of the enterprise to be privatized may be granted the following benefits:

—the preferential right to purchase the enterprise under the conditions proposed by the commission;

—the right to use the assets indicated in Point 3 of Article 15 of the current Law;

—payment with a reduction of 30 percent for the value of the property to be acquired.

2. Employees of a state enterprise transformed into a joint stock society are given the right for the preferential purchase of up to 20 percent of the total number of stock with a 30 percent reduction on the nominal stock value.

The designated benefits are extended to former employees who have retired on pension from the given enterprise.

3. With the agreement of a majority of members of the labor collective it is possible to employ a portion of the enterprise consumption fund (economic incentive funds) to pay for the stock to be purchased.

4. The employees of state joint stock societies can purchase stocks under advantageous conditions during a period of 3 months from the moment of the start of the sale of the stocks. Stocks purchased under advantageous conditions cannot be resold for a period of 2 years.

5. In the event of the purchase of a state enterprise by a labor collective, upon the ruling of the Committee or local soviet, production and social infrastructure facilities which were previously on the enterprise balance sheet can be turned over gratis to the labor collective.

**Article 23. The Use of Funds Received From Denationalization and Privatization**

The funds received from the sale of facilities to be privatized are the property of the state and are deposited on special accounts.

The procedure and the areas for the disbursement of these funds are set by the Kazakh Supreme Soviet. Here the use of the funds is coordinated with the necessity of retiring state debt, stabilizing the economy and carrying out major socioeconomic tasks.

**Article 24. State Registration of a Change in Property Right**

1. The seller issues a state certificate of assumption of the right of ownership to the purchaser which has paid the full value of the acquired facility to be privatized.

2. Prior to the payment for the full value of the acquired facility, a contract is concluded between buyer and seller and this contract stipulates:

—the transfer to the buyer of the right of possession, use and management of the property being acquired;

—the composition and price of the property being acquired;

—the source of funds, the procedure and date of payment;

—the rights and duties of the parties to further utilize the facility being privatized.

3. Documents showing the conversion of state property or the transfer of the right of ownership to state enterprises to citizens or to nonstate legal entity when these documents have been executed prior to the coming into force of the current law by the state administrative bodies of the Kazakh SSR and the USSR should be confirmed by the Committee and are valid only after its approval in a state document in accord with Point 1 of the current article.

4. The Committee has the right to nullify the documents showing a change in the right of ownership to state property when these documents were executed by state bodies prior to the coming into force of the current law, including facilities which were common-Union property, if the property was acquired from state funds as well as in violation of the principles of social justice.

**Article 25. Responsibility of the Buyer and Seller**

1. The seller bears material liability if the actual state of the facility to be privatized at the moment the purchaser assumes the right of possession, use and management, or the right of ownership does not conform to the information provided by the seller.

2. The buyer bears material liability if during the time of holding the rights of possession, use and management the facility to be acquired has suffered damage by his actions.

3. In the event the purchaser refuses to pay for the facility to be acquired, the contract between the buyer and seller is abrogated with compensation to the seller for the losses suffered.

**Section III. Concluding Provisions****Article 26. Social Guarantees for the Employees of the Privatized Facility**

1. Labor relations between the employees of the privatized enterprises and the new owners are to be regulated by current Kazakh labor legislation considering the provisions of the current article.

2. During the period of implementing the privatization, the administration of a state enterprise is obliged to observe all provisions of previously concluded collective and labor contracts.

3. Within a period of six months from the moment of the transfer of the right of ownership to the new owners, a

collective contract should be concluded between the new owners and the labor collective and this contract is to be the basic enforceable enactment regulating relations between the owners, the employees and the trade union organization of the enterprise.

The collective contract is to be concluded at all enterprises given the rights of a legal entity, regardless of the form of ownership.

4. The dismissal of employees upon the initiative of the new owners or the administration of the enterprise being privatized is to be permitted only on the grounds stipulated by the labor legislation. If dismissal is carried out within 6 months from the moment of the transfer of the right of possession, use and management or the right of ownership to the new owners, the employees are paid severance amounting to three months average wage.

5. Jobs are provided for the employees being released in accord with the USSR and Kazakh legislation on employment.

#### Article 27. Obligations of the New Owner

1. The owner of a privatized facility becomes the legal successor to the material rights and duties, the financial and other obligations of the state enterprise from the moment he receives the state document on the assuming of the right of ownership.

2. The owner is obliged to carry out the conditions for further utilizing the privatized property in accord with Article 20 of the current Law.

With the failure to observe the designated conditions, the owner bears material liability to the state, even including the lifting of his right of ownership.

#### Article 28. Procedure for Resolving Disputes Arising in the Course of Denationalization and Privatization

1. Disputes arising in the course of denationalization and privatization of property are resolved as follows:

—between Kazakh state bodies, on the one hand, and the USSR as well as other Union republics, on the other, in the procedure stipulated by legislation of the Kazakh SSR and the USSR;

—between the state bodies of the ... SSR, legal entities and citizens, by the court or by arbitration or, with the agreement of the parties, by an arbitration tribunal.

2. Losses caused to citizens, legal entities and to the state in the course of denationalization and privatization by the incorrect actions of participants in the given processes are to be recovered in full from the guilty party in accord with the current legislation.

3. A decision by a body carrying out denationalization or privatization as well as the delayed review of a request can be petitioned to the court or arbitration.

#### Article 29. Publicity in Denationalization and Privatization

The processes of denationalization and privatization should be carried out under the conditions of extensive publicity and public supervision.

The program for denationalization and privatization is to be published in the mass information media. Information on the dates and conditions for holding the competitive bids or auctions is to be made available to the public ahead of time. \*\*\*

The given draft law will be submitted for review to the forthcoming spring session of the republic Parliament. Comments and proposals on it should be forwarded to the Presidium of the Kazakh Supreme Soviet.

#### Commentary

914.40723B Alma-Ata KAZAKHSTANSKAYA PRAVDA  
in Russian 18 Apr 91 p 3

[Article by S. Takezhanov, chairman of the Committee on the Questions of Economic Reform, Budget and Finances of the Kazakh Supreme Soviet, and D. Senibayev, deputy chairman of the Kazakh Higher Economic Council and released by KazTAG: "Commentary on the Draft Law: A Sure Way To Market Relations"]

[Text] The current economic situation and the social policy closely linked to it and based upon the principle of the fullest satisfaction of the growing material and spiritual needs of people have entered into a contradiction. The economic relationships which had formed in previous years following the plan of state interests—state administration—state property have in practice not left any room to consider regional interests let alone the village, settlement, rayon, city or oblast.

Prior to the beginning of the 1960s, the state administrative structure (the ministries and departments of the USSR) which was based upon a common-people's but in essence state monopolistic ownership due to its harshness made it possible on the very brink of the tolerable to satisfy the highest priority areas and needs on a general Union level. Here an ever-larger part of not only the territorial social needs but also the needs of many sectors of the national economy, including basic ones, fell into the category of those financed according to the residual principle.

One of the last actions of the system of centralized "fleecing" was the confiscating of amortization deductions from the enterprises, that is, depriving them of an opportunity for even the simple replacement of productive capital. And this was at a time when both in the nation and in the republic, enormous production potential had been established and this potential, in the opinion of foreign specialists, in terms of its scale was the equal of what many developed states possessed and made good use of in resolving their economic and social problems. In our republic, the value of the fixed capital

on 1 January 1990 reached 159 billion rubles, including 109.9 billion of productive capital and 49 billion rubles of nonproductive.

In beginning the privatization of property, it is essential to consider two circumstances as a minimum:

1. According to the forecast estimates of certain foreign specialists, the actual value of our fixed capital according to international criteria is several-fold more than the balance sheet.

2. The procedure existing in the nation for writing off the portion of fixed capital which has served its time and the qualitative level of the capital do not make it possible with sufficient certainty and reliability to use the data of residual value for assessing the market or real value of the fixed capital. At many enterprises and in many sectors, the balance sheet contains long "dead" fixed productive and nonproductive capital and this burdens down the balance sheet and provides confusion in the financial indicators. Thus, it is essential, without waiting, to begin an inventorying and accounting of the created national wealth.

Following the experience of many nations, the denationalization and privatization lead to the rapid development of a mixed economy which is considered to be the optimum under the conditions of the constantly occurring changes in the world economy. Privatization has become characteristic not only of the developed countries but also of the developing ones such as South Korea, Thailand, Brazil and others.

The urgent need to adopt the Kazakh Law "On Converting State Property in the Kazakh SSR (on Denationalization and Privatization)" is caused not only by the place of this process in the formation of market relations. The importance of the new law is related to the fact that it should become a major marker in the process of fundamentally altering the property relations in society where the political, economic and legal structure was based upon an ideologized principle of the inadmissibility of private ownership of the implements and means of production.

The articles and provisions of the published Draft Law are directed against one of the dogmas concerning the potentially greater efficiency of impersonal state ownership. At the same time, it considers the still existing psychological reticence of the masses to possess property and the virtually complete absence in the republic and nation of the legal bases for the process of privatization and the corresponding infrastructure elements essential for this.

The processes of decentralization, denationalization and privatization have already commenced but they are largely occurring spontaneously and in a disorganized manner, that is, in forms which cannot provide the required result in improving efficiency, overcoming monopoly, forming incentives for highly productive labor and increasing the technical level of production.

Here also we must put the converting of a number of the Union ministries into state concerns with the maintaining of the previously existing management levers, and the forming of stockholder companies by the "labor collectives" of their enterprises (actually, by the administration of the enterprises and concerns with the transfer of a significant portion of the stock to the Union management structures).

One cannot help but be alarmed by the establishing by the enterprises of an extensive network of cooperatives, joint enterprises and other commercial organizations by the transfer of state property, its unregulated sale, as this creates grounds for corruption and other abuses.

The process of the redistribution of state property is gaining strength but it is being carried out on a nondemocratic basis, without the required publicity. Here the Union bodies are privatizing the enterprises of the base sectors which comprise the economic basis of the republic without the agreement of the republic and without waiting for the signing of the new Treaty of Union, having equated the concepts of subordination and the right of ownership. At the same time, the privatizing of the state enterprises directly involves the interests of both the employees and the regions and requires well thought out and balanced legislation making it possible to systematize the process of converting the property.

A draft of our law has been elaborated for creating the legal basis for the processes of denationalization and privatization and for systematizing the conversion of the property relationships. The goal of this law is to provide the structural, organizational and economic conditions for the organizing and functioning of a mixed economy and for the extensive development of all forms of ownership in the unified general-Union economic space. This makes provision for resolving the central problem of denationalization and privatization, that is, turning over the rights of ownership to the means of production which belong to the state to citizens and nonstate legal entities.

The current legislation does not contain recognition of the right of the citizens to acquire the means of production and does not provide clear definitions of the concepts of denationalization and privatization.

The Draft Law understands denationalization as the conversion of state enterprises into enterprises based both upon collective forms of ownership and on the property of the citizens. Here the state transfers the functions of day-to-day production management to the enterprises themselves.

Privatization is defined as the acquiring by the citizens from the state of enterprises, unified material installations of production capital as well as the stock of state joint stock societies, cultural and service facilities and state housing. In this instance the state loses the right of the owner, that is, the right of possession, use and

disposal of the privatized objects of ownership while the state administrative bodies lose the right of managing them.

The given definitions of denationalization and privatization in being set out in the form of a legal standard in the first article of the Draft Law are of a fundamental nature, as they establish the inalienable right of each citizen to acquire any types of property with the exception of those the transfer of which to ownership by citizens is prohibited under the law.

The Draft Law is based on the Declaration of State Sovereignty of the Kazakh SSR as well as the Laws "On Property in the Kazakh SSR" and "On Local Self-Administration and the Local Soviets of the Kazakh SSR" as well as a number of others already adopted by the republic Supreme Soviet. The law is an organic continuation of them and defines the legal grounds, the procedure for creating an economic base of state sovereignty and independence of the republic. Articles 3, 4 and 5 provide for the forming of all types of state property: republic, general-Union and communal. Thus, the Draft stipulates as an essential condition of privatization the obligatory dividing of state property.

Also proposed is the dividing of powers to carry out the processes of denationalization and privatization on the level of the Union, the republic and the local soviets. Here a fundamental point is the fact that the common-Union property is to be formed by transferring to the USSR a portion of the state property and that necessary for exercising the powers entrusted to it. Such a procedure stems from the draft of the new Treaty of Union and will become a guarantee against the dictating of terms by the sectorial Union departments.

Very important is the provision in the Draft Law which stipulates the administrative bodies which are to carry out denationalization and privatization. These include primarily the recently established State Committee of the Kazakh SSR for the Management of State Property. Special status has been provided for it as it is not included in the structure of the Cabinet of Ministers but rather is directly subordinate to the Kazakh President and is reportable to the republic Supreme Soviet.

The decisions of the Committee on the questions of denationalization and privatization, when adopted within the limits of the Committee's competence and powers, are obligatory for the state and administrative bodies. The Committee can delegate the right of possession, use and management of Kazakh property to state bodies and managing principals both on the territory of the republic and outside it.

In oblast centers and major industrial cities, the Committee establishes territorial bodies for managing state property. The leader of the territorial body is appointed the Committee chairman with the agreement of the oblast soviet and is approved by the Committee collegium.

The local societies have the right to establish the appropriate bodies for managing communal property.

Denationalization and privatization are permitted in all spheres of the economy, including enterprises in the defense sector as regards the production of civilian products and the rendering of services, as well as enterprises in the diamond and gold mining industry. But certainly this does not mean that the amount of state ownership will be reduced to zero. This should not be a concern. In all nations state property does exist and considering the structural features of the economy of Kazakhstan, the trends and prospects of our development, the share of this property will clearly be rather significant.

Among the objects of denationalization and privatization can be enterprises, organizations, their structural units and subdivisions which are unified material facilities of productive capital as well as cultural and service facilities, state housing and other valuables.

The Draft Law contains a flexible legal standard: an object of state ownership, from the moment of the passage of the decision about its privatization, becomes an object of privatization and the possession, use and management of this are carried out only with the agreement of the mentioned Committee or local soviet. Provision has been made to work out a program of denationalization and privatization including a consolidated list of the most important state-owned facilities (types of enterprises) designated for prime privatization in the given period. The Draft Law contains the rules and procedure for privatizing "from below" and namely: upon the initiative of the labor collective or group of employees, citizens and legal entities by establishing a strictly defined procedure for the Committee or the appropriate body of the local soviet to review requests for the denationalization and privatization of various state-owned facilities.

Along with a rather democratic approach to the sectors and enterprises to undergo denationalization and privatization, the Draft Law also contains definite restrictions set out in Article 9.

In privatizing state-owned facilities the buyer can be citizens of the Kazakh SSR, other republics, foreign states and individuals without citizenship. The entire labor collective or a portion of it, after adopting the approved decision, can act as the collective buyer operating on the basis of its own bylaws approved at the general assembly. The bylaws are to be registered with the Committee or the local soviet.

The seller of the state-owned facility in accord with the Draft Law may be: the Committee in terms of republic property and local soviets in the form of the bodies empowered by them for communal property. Both the buyer and the seller have the right to use the services of intermediaries (state and nonstate organizations) operating on a commercial basis with the agreement of either side.

The Committee for the corresponding body of the local soviet which have adopted the decision for denationalization and privatization establish a commission made up of the representatives of the owner, the administration of the enterprise, the labor collective, the trade union organization, the financial bodies, banks, the statistical bodies and public organizations. The commission draws up a plan for denationalization and privatization and this is to include the forms and dates of their execution, a setting of the value of the facility, the directions of its further use, the forms and dates of payments, the possibility of providing benefits, including the gratis transfer of a portion of the property. In the work of the commission an important place should be held by explanatory work among the members of the labor collective.

The Draft provides the most diverse forms of denationalization and privatization depending upon social priorities. This includes the converting of a state enterprise into a joint stock society, other economic societies or associations as well as the leasing of the enterprise with the subsequent purchase of it by the lessees, the purchasing of the property of state enterprises by members of the labor collective and the sale of the property of state enterprises to legal entities and citizens under competitive bidding or by auction. Here while with competitive bidding an advantage in acquiring the state-owned facility goes to the purchaser who has offered, from the viewpoint of the seller, the best (optimum) conditions, in an auction the right of ownership goes to the purchaser who has offered the maximum price for the designated facility.

Of importance is the provision concerning the means and forms of payment (Article 14). This establishes that the buyers for the purposes of denationalization and privatization can employ any of their internal or borrowed funds. A collective buyer can also utilize profit remaining at its disposal as well as a portion of the amortization deductions. With the agreement of a majority of the members of the labor collective, a portion of the enterprise consumption fund can be used to purchase state property.

Exceptionally crucial from the political and social viewpoint is the provision on granting the possibility for the time purchase of property. Deferred payment should be widely employed.

One of the most complex questions in carrying out denationalization and privatization is appraising the value of a concrete facility. Undoubtedly, this should be carried out on the basis of objective indicators (residual value) considering the real value of analogous facilities and adjusted correspondingly considering the range of market conditions and factors.

The Draft Law provides a number of benefits which can be granted to the collective purchaser formed by the employees of one or another enterprise. It is also possible

to have payment for the value of the property to be acquired with a reduction amounting to 30 percent.

If the state enterprise has been converted into a joint stock society, then its employees are to be given the right for preferential purchase for up to 20 percent of the total number of stock with a 30 percent rebate from the nominal value of the stock. We would particularly point out that the designated benefits are to be extended to former employees who have retired on pension from the given enterprise. With the agreement of a majority of the members of the labor collective, a portion of the enterprise consumption fund can be employed to pay for the stock being purchased. Here the purchase of the stock by the employees under preferential conditions can be carried out over a period of three months from the moment of the start of their sale. This stock over a period of two years cannot be sold to other individuals. Moreover, under a decision of the Committee or the local soviet, a labor collective can receive gratis facilities of the production and social infrastructure which were previously on the enterprise balance sheet.

The Draft has attempted to give maximum consideration to the interests of the labor collective. However, in pursuing this goal, we must not forget social justice in relation to all groups of the population which, even when working in other spheres, have participated in the forming of state property.

This is all the more important as in the denationalization and privatization they intend to use both the compensatory and gratis transfer of property. It is also possible to employ the designated approaches in a combination. There is also the question of using competitive bidding or an auction with elements of the gratis transfer of a portion of the property, for example, for coupons (certificates, investment checks, government bonds and so forth).

As one of the elements of new production relations, privatization should play a role also in the financial recovery of the economy in the form of providing a market for the investment of funds. The Draft Law stipulates that funds received from denationalization and privatization are to be deposited in special accounts. The procedure and directions for the expenditure of these funds are to be set by the Kazakh Supreme Soviet. In our view, during the first stages of denationalization and privatization the most important areas for employing a portion of the designated assets can only be the goals of stabilizing the republic economy, establishing parallel production structures, supporting new market structures, small-scale entrepreneurship and so forth.

Material liability has been provided for the buyer and the seller. Moreover, the obligations of the new owner are also regulated so that with the transfer of the right of ownership to him there are no loss of enterprise manageability, destabilization of production, and curtailing the output of low-profit but scarce products.

In carrying out denationalization and privatization, one of the most important questions is to provide social guarantees for the employees of the state enterprise. On the general level, labor relations between the employees and the new owners will be governed by the Kazakh labor legislation. The enterprise administration during the period of denationalization and privatization is obliged to observe the previously concluded labor contract. At the same time, the draft law stipulates that within a period of 6 months from the moment of the transfer of the right of ownership to the new owners, a new collective contract should be concluded between the owners and the labor collective. This is to be concluded at all enterprises having the rights of a legal entity, regardless of the form of ownership. As for the dismissal of employees under the initiative of the new owners or the enterprise administration, this is to be permitted only on the grounds stipulated in the labor legislation.

Definite regulating limitations should also be provided in the process of acquiring facilities to be denationalized and privatized. For example, these limitations can exist in the area of the sources of citizen income. The draft regulation on the State Committee of the Kazakh SSR establishes a ban on participation in denationalization and privatization of workers from the bodies empowered to administer state property to act as buyers.

The draft of the current law is aimed at systematizing the process of converting property relations, forming the institution of citizen ownership of the means of production, housing and cultural and service facilities and creating conditions for the rise of an effective and socially oriented market economy.

#### **Uzbek Economic Conditions, Transition to Market Economy Assessed**

914.0710.4 Tashkent OБSHCHESTVENNYYE NAUKI V UZBEKISTANE in Russian No 12, Dec 90 pp 3-10

[Article by T.D. Nurullayev: "The Present Condition of the Uzbek Economy and Problems of Transition to the Market Economy"]

[Text] Notwithstanding the huge effort undertaken in recent years to make the economy in our country healthy again, many problems of socioeconomic development not only have not found acceptable solutions, but have become even worse. This is especially evident in our republic, which is significantly falling behind All-Union averages in many economic and social indices, and this gap is continuing to widen.

While the average annual growth of the gross national product during the 11th Five-Year Plan was 3.6 percent in the republic and 3.3 percent nationwide, during three years of the 12th Five-Year Plan, these figures were 2.6 percent and 2.2 percent, respectively. Indices for public labor productivity showed a sharp decrease as, consequently, did per capita real income. Thus, while the average annual increase in these indices during the 11th

Five-Year Plan was 0.7 percent and 1.3 percent, respectively, for the three following years the average annual index of public labor productivity even decreased by 0.6 percent, and the average annual index for per capita real income increased by only 0.3 percent.

This trend in the deterioration of economic and social indices continued throughout 1989. The growth in the gross national product of the republic was 1.6 times lower than in 1988. Rates of growth in national income continued to decrease. Industrial production, as projected by the plan, fell short by 500 million rubles, and more than 300 industrial complexes and enterprises in the republic lowered their production in comparison with the previous year. It is not difficult to continue the enumeration of other very important economic indices that showed a trend for the worse.

Considering the situation developing in the economy of the republic, its natural-climatological, demographic, and other industrial conditions and peculiarities, it is necessary to isolate the most important problems and first-priority tasks, whose resolution would become the basis of, or an impetus for, stabilization and, consequently, a gradual acceleration in the rates of socio-economic development.

First of all, it is necessary to develop a scientifically-based socio-economic policy for the republic, in which tactics and strategy, and first-priority and long-range tasks, would be organically combined, and in which problems concerning expanded renewed production and the restructuring of the entire economy would be solved in a logical sequence. The establishment of an effective production structure, the acceleration of scientific-technical progress, and the radical reform of the economic mechanism—including the transition to a market economy—should all play a prominent role in this policy.

It is no secret that one of the principal reasons for the worsening economic situation in the republic is (if one does not count the crisis of power in the country that led to an unprecedented dissolution of well-established economic ties) its primary orientation toward cotton-growing, which is the cause for the rickety development of other branches of agriculture, as well as for the ineffectiveness of the structure of inter-branch and inter-territorial ties in the national economy. This tangible loss also creates a disproportion between agricultural production and the branches that process these products.

Out of the annual production of more than five million tons of fruits and vegetables, grapes, and potatoes in the republic, there is a 30-40 percent loss attributable to transportation, storage, and processing. Especially large losses are incurred during storage, because only a 700,000-ton total storage capacity is available, although the requirement calculated for the republic is for refrigerated storage areas with a total capacity of 1,600,000 tons. This problem will become even more acute with the present expansion of private subsidiary small-holdings.

and the implementation of tenancy relationships and cooperative forms of labor in agriculture, all of which will result in a 20-25 percent increase in the production of fruits and vegetables, according to preliminary figures. Taking into consideration the seasonal variations in agricultural products reaching the processing and storage stages, the relevant facilities have to grow by at least 1.5 times in order not to incur huge losses.

A disproportion in the variety of fruits and vegetable being processed should also be noted. Due to imperfect pricing and the manner in which the existing organization processes these products, 95 percent of the vegetables delivered for processing are tomatoes, and apples comprise over 85 percent of the total fruits delivered for processing. From this it follows that the main share in the canning industry output belongs to tomato juices and paste, while the output of preserved pickles and salads, compotes, jams, and various other types of fruit and vegetable conserves does not exceed two-three percent, and we are not even speaking about the inexcusable lack of variety in these products.

The situation with regard to extensive processing of agricultural raw materials is not any better. For example, only one-tenth of the grape seeds and one percent of the tomato seeds are used for making oil, apple marc is not utilized enough, and many kinds of residues from the primary processing of plants and animals are either poorly used or not used at all.

Analogous disproportions also exist in the production and processing of silkworm cocoons. While cocoon production increased by 40 percent in the last decade, the republic has the capacity to process only 70 percent of the overall volume of the half-finished product.

Disproportions and lack of balance are due not only to shortages of various industrial facilities and insufficient capabilities, but also conversely, to an unjustifiable surplus. Thus, in the cotton-cleaning industry and in several branches of machine-building in the republic, available capacity is not fully used.

Output capacity of the cotton-cleaning industry, as a result of an unjustifiable growth, has reached the level where more than seven million tons of raw cotton could be processed annually, but only up to an average of five million tons per year is produced.

The transition of agricultural enterprises to new forms in the organization of labor, to a self-sufficiency basis, and to cost accounting methods has resulted in hiding the deficiencies that are apparent in the overall balance of agricultural machine-building. A number of traditionally produced agricultural machines and equipment are not in demand today, but advanced models and spare parts for agricultural machines are in short supply.

There are also systematic and growing disproportions in other spheres of the national economy at all levels: between output and consumption of raw materials and finished production, between capital construction and

its material-technical supply, between the demands of a solvent population and the output of consumer goods, and so on.

The losses to the economy due to a disruption of the balance are immense and do not lend themselves to exact calculation. A lack of balance in the national economy first of all undermines (together with other negative factors) commodity-monetary relations, makes the consumer dependent on the producer, weakens the role of economic stimuli and sanctions, obstructs the transition to a market relationship, and lowers the effectiveness of inter-territorial ties of the republic.

Thus, according to data on the inter-territorial ties of the Uzbek SSR for 1987, because of the branch disproportions and imperfect organization of existing public production, nearly one-half of the output exported from the republic consisted of light industrial goods, of which 78 percent were cotton-fiber goods. Machine-building products made up only 12.6 percent of the exports; chemical products—eight percent; and only around nine percent were food industry products. The natural material composition of the exported products is predetermined by the existing narrow specialization in the republic's economy for output from the cotton complex and the lack of development of branches processing finished goods. This is the reason why the republic remains basically a producer of raw materials and semi-finished goods. Of the exports, 67 percent consists of raw material, semi-finished goods, and related articles, and 91 percent of total exports of light industrial output consisted of raw materials.

Meanwhile, it is well known that the cost of raw materials, expressed in wholesale prices, is significantly lower than the cost of finished goods imported into the republic, which are valued at retail prices. All this is the basic reason for the systematic negative balance in inter-republic commodity turnover. A conclusion is suggested from the above, namely, that it is essential to make a radical improvement in the organizational structure of the entire economy of the republic, increase the output of finished industrial goods, and implement an overall development of agriculture. It is necessary to ensure an all-round, irreversible processing of extracted and produced raw materials, primarily raw cotton, which has the greatest potential for repeated processing and consequently, an increase in revenues. It is also necessary to increase the share of science-intensive and labor-intensive branches within the industrial structure, such as electronics, radio technology, instrument making, and so on, which are in the forefront of scientific and technical progress.

Our republic has a solid scientific potential, represented by nearly 200 academic and branch scientific research institutions, design offices, institutions of higher education, and other scientific organizations. In addition, in branches that have a material output, there are over 500

design offices in plants, sections, and laboratories dealing with mechanization and automation of production.

Scientific-technical development in the republic, however, is lower than the All-Union average in many indices. Thus the average annual number of scientific workers is now over 40,000 persons, or, 0.7 percent of all blue-collar and white-collar workers employed in jobs having to do with the national economy (in the entire country the figure is 1.3 percent).

The scientific-technical potential of the country and its regions is fairly well determined in a natural way by the number of graduate students studying and completing their studies every year. At the end of 1988 there were 3,037 graduate students studying in the republic, and the number finishing their studies was 751. This is less than one-half the number of graduate students per every 1,000 inhabitants in the country as a whole. The situation is even worse if we speak about the training of science cadres in the fields of biotechnology, molecular genetics, robotic systems, modern technical systems and technology, ecology, and in other important directions in scientific and technical progress.

It is completely obvious that the rates of scientific-technical development directly depend on how much is spent on science. In the Uzbek SSR, expenditures for science out of the state budget increased systematically and, for example, in 1988 amounted to 75.8 million rubles. However, if the portion spent on science is compared to the national income, it turns out that it is lower by an order of magnitude than in the country as a whole: we have 0.3 percent, and for the entire country it is 6.0 percent. It is evident from this that we need to intensify the development of science in the republic, especially in its new directions, since the experience of developed countries shows that their achievements are based on a steady growth of scientific capacity and scientific preparedness in branches of the national economy.

But, for the time being these deficiencies influence to a certain degree the effectiveness of scientific-technical activities and the extent to which new types of machines, equipment, apparatus, instruments, and means of automation are made and used. Up to 45 kinds of new machines and equipment come out each year in the republic, which is barely more than one percent of the analogous All-Union index. At the same time, the ratio to scientific researchers all over the Soviet Union is over 2.6 percent. This is indicative of a rather low productivity in scientific activities in the republic. The same is true of relative comparisons of science research projects, as well as models of machines and equipment that have been developed, whose performance standards exceed the analogous items developed by the rest of the country and by foreign countries. On the average, over the last three years, the ratio of such science research developments in the republic to the overall number of completed projects was not over one percent, but the All-Union

average was five percent. The comparative figures for new models of machines and equipment that have been developed are approximately two percent and 10 percent.

In many cases, as a consequence of the indicated lag in the republic's national economy, there is a systematic breakdown in the ratio between the input and output of basic production funds, in which the index for the output of the basic funds is significantly lower than the index for their input. In 1988 the coefficient of output of production funds in industry comprised 3.3 percent, and the coefficient of their input was 6.0 percent. This kind of rupture is especially intolerable in the machine-building complex of the national economy, which is supposed to assure the acceleration of scientific-technical progress in its other branches. The coefficient of output for the basic funds in 1988 was 3.2 percent and the input was 7.9 percent in the republic's machine-building complex.

The result of all this is the accumulation of obsolescent types of technology and equipment and the increase of their share in the overall volume of basic production funds. Thus, there is a constant growth in the portion of depreciated parts out of the total basic production funds for the republic's industries. In 1970 this share amounted to 23.3 percent; in 1980 it had already reached 30.5 percent; in 1985—33.8 percent; and in 1988—37.2 percent. In some branches of industry this ratio is even greater. For example, in 1988 the ratio of depreciated basic production funds in the fuel industry was 48.7 percent; in the chemical-forestry complex—45.4 percent; in the metallurgical complex—43.8 percent; and so on. This leads, in turn, to a very slow growth in the republic's share of the highest quality in production output, which was 10 percent of the total volume of production (and 15 percent for the entire Soviet Union).

Consequently, a radical improvement is needed in directing the process of scientific-technical development in the republic and in creating all the conditions necessary for a broad and effective utilization of the achievements of scientific and technical progress.

Another urgent task in this area is to increase the rates and the quality of training skilled worker cadres for branches of the national economy that will be adequate for the acceleration rates of scientific and technical progress. The task consists not only of expanding the PTU [Professional Technical Academy] network, but of training mobile labor resources capable of working in technically highly equipped branches and spheres of production. As special investigations have shown, one of the reasons for facilities that are again operational, but not working at full capacity, is that they are not assured of getting qualified cadres. Thus, nearly one-half of the facilities that have again become operational are, as a rule, understaffed with regard to industrial production personnel.

One of the important regional factors having a bearing on resolving the problems indicated in the Uzbek SSR is

the demographic situation. High rates of natural growth of the population, a high proportion of rural population, and significant resources of able-bodied persons who are not working require a search for creative decisions.

If the present high rates of growth of labor resources continue, by the year 2005 we will have to create 3.2-3.5 million new jobs (taking into consideration the growth in the coefficient of shift work), which would allow the achievement of a high enough employment rate for the population in general production. It is necessary to employ reserves available within the production complex, with the aid of which it would be possible to raise the level of utilization of labor resources in a short time without a large investment. In particular, the solution to the problem will be aided by the establishment of small enterprises, the organization of subsidiaries and shops of existing enterprises in districts where there is a surplus labor supply, and the development of public businesses and handicraft trades, using the latest equipment.

Resolving the problem of having full employment of available labor resources and guaranteeing jobs to workers reentering the labor force is closely tied to a logical combination of new construction and reconstruction and technical reequippment of existing production. This means that when the country as a whole transitions to mainly intensive forms of renewed production, in our republic it would be permissible to use extensive factors of economic growth. In this connection, Uzbekistan—in the near and fairly distant future—must preserve a certain predominant share of new construction compared to the All-Union level.

The problem of regulating regional employment and assuring a balance between jobs and labor resources engenders the task of redistribution of capital investment in accordance with investment forms of renewed production, both in branch and territorial sectors.

In evaluating territorial prerequisites for dispersing industry, the unequal levels of economic development of distant oblasts and districts of the republic must be considered. The predominant share of the Tashkent economic district and the oblasts of the Fergana Valley in the overall volume of industrial production, and the insignificant share of the Karakalpak ASSR [KKASSR], and the Khorezmskiy, Surkhandarinskiy, and Kashkadarskiy oblasts indicate the necessity of implementing a priority redistribution of capital investment in favor of the oblasts experiencing a lag in economic development.

Construction of new enterprises should also be closely tied in with the problem of increasing the employment of the population by establishing and developing labor-intensive industries (cotton, knitted wear, sewing, radio electronic, instrument-making) and a concurrent limitation in the development of capital-intensive branches.

The improvement of the organizational structure of the national economy and the investment policy will not guarantee completely that all negative factors will be overcome. A radical restructuring is needed for the entire

system of planning and directing the economy, as well as for the entire economic mechanism that regulates it.

What, then, are the most important tasks in this field?

First, a reorganization in the functions of the highest echelons in the administration of the economy is needed: the Council of Ministers, Gosplan [State Planning Committee], and ministries, since they are, at the present time, actually in charge of socialist property, often against the best interests of enterprises and labor collectives. It should be added that it is time to free the enterprises, be they industrial or agricultural, from the dictates and petty surveillance of middle and lower elements of the party and state apparatus, not just by paying lip-service to it, but by actually doing it.

It is true that the reorganization of these structures is already going on at present. For example, our republic was the first to transform the Council of Ministers into the Cabinet of Ministers under the President of the Uzbek SSR, a step which will to a certain degree regulate and increase the efficiency of administering the economy. This, however, is not enough. A further improvement in the executive function is needed (both at the All-Union and the republic levels), including the transfer of basic administrative functions to the enterprises themselves, to the amalgamations, and to their various inter-organizational associations.

Second, the principle of social justice must be implemented not only in the realm of equal pay for equal work in branches producing material goods, but in the non-production spheres as well, and especially in the area of economic freedom. In other words, there has to be a real transition from administrative methods of directing to economic methods, including cost accounting, economic standards, prices, finances, credit, etc., which would create an incentive on the part of enterprise collectives and associations to improve the effectiveness of their management.

The restructuring of the activities of the basic link—the enterprise and the association—thus assumes that full economic accounting would be introduced and that they would have the right to formulate the program of action themselves, and to make the transition to self-management and self-financing. This would give them free range for developing a socialist enterprising spirit and economic initiative, and would create the right conditions for transitioning to a market economy.

Economic standards (especially, tax policy) which would provide for basic principles of profit redistribution would be an integral part of this most important link determining the interrelationship between the enterprise and the state and regulating the activities of the economic elements. The system of standards should be an optimal one, scientifically based, and should provide for withdrawing that part of the revenue which is created now in enterprises as a result of conditions that do not depend on the activities of labor collectives. At the same

time, these should be long-term, stable standards and should reflect fair requirements toward the utilization of resources.

A transition to the principles of market relationships should place the producer in a position of dependence, that is, of having to satisfy the requirements of the consumer. At the present time in the economy, however, because of the monopoly of production—especially by state enterprises—and the imperfect pricing system, the expenditure method prevails, which is oriented essentially towards the interests of the producer and not the consumer. The present system of valuation indices of economic activities of state enterprises is such that enterprises find it unprofitable to use cheap raw materials and inexpensive products in order to raise the quality of production and implement the achievements of scientific-technical progress.

Thus, in order to transition to a market economy, the following is needed:

**1. Limit the functions of the state management of the economy.**

State organizations for managing the economy should have the function only of directing national programs, including those parts dealing with social security, education and medical services, development of basic and inter-branch scientific research, etc., and fulfill the role of being central customers for these programs. In addition, they have to work out a strategy for socioeconomic development for the region and use effective economic levers in order to implement it.

The independence of cost accounting enterprises and organizations should be expanded in every way possible, simultaneously eliminating surplus ministries and offices. The functions of the remaining ministries should be directed into the channel of market relationships.

**2. Implement the demonopolization of producers and the privatization of the state means of production.**

In meeting these goals, it is necessary to conduct a full inventory of basic funds and legally delineate them by all types of ownership (state, collective, individual, and others). Thereupon, state property that is designated for producing goods and services for the population, should be transformed into a joint-stock entity or leased with the right of first buyout. Pursuant to this, small enterprises could be sold to private ownership. Simultaneously, there must be equal conditions guaranteed for the activities of all sectors of the economy and for all forms of ownership, and anti-monopoly measures have to be made legally binding.

Private ownership of land has to be especially commented on. Pursuant to a recently passed Law of the Uzbek SSR on land, it cannot be transferred to private ownership. This, to a certain extent, limits the framework of market relationships and the interests of the land

users, and therefore, this kind of system can be justified only during a transitional period prior to entering into a market economy.

**3. Implement measures to heal the monetary-financial system.**

A great deal will depend here on the mechanism used to implement the statutes of the future All-Union treaty. The draft of the new All-Union treaty empowers the Union, *inter alia*, to "conduct a single financial, credit, and monetary policy based on a single exchange value." But this means that the attainment of economic progress in any one of the republics will result in a flow of a great deal of money, not secured by goods, from all over the Soviet Union, since with the introduction of market interrelationships money will play an immeasurably larger role than was the case under the planned (distribution) economy. Consequently, in order to assure an equivalent exchange of goods, the republics either have to have their own currency or some other mechanism that would protect their national economies from breaking down.

But in any case, the republic has to establish its own independent banking system, the Uzbek SSR State Bank, and a wide network of commercial, stock-owning and other banking institutions.

The other important task in this area must be the "tying together" of the forced savings of the population by, for example, selling housing units, garden plots, etc., and by implementing other measures to heal monetary turnover.

**4. Commence the creation of a wide and all-encompassing network of markets and exchanges for goods, commercial centers and other market infrastructures in the republic with the goal of guaranteeing competitive asking and bidding prices. The organization of such markets should include as participants, first of all, industrial and trade enterprises, as well as credit-finance and supply organizations (at first, including management and administrative organs). This process, in addition, will assist administrative organs in mastering managerial methods for economics, their effective reorganization, and their acquisition of new functions in coordinating free market structures. Prototypes of such structures are, for example, presently successfully functioning commercial centers, industrial trade fairs, and so on.**

**5. Measures must be worked out to organize protection of the consumer (retail) market together with measures for the social protection of those segments of the republic's population which are not sufficiently provided for. Pursuant to this, a long-term policy of state management of the economy should be a social orientation of the market and socio-legal guarantees for the population. In particular, when necessary, the state should compensate (or donate consumer goods to) people for expenses incurred because of increased prices for food products or consumer goods which have a special social significance**

(for example, medicines, children's goods, goods for newlyweds, etc.), as well as for tariffs on individual communal and transport services.

6. The state should provide social assistance and material support to that group of the population which is not adequately provided for—to pensioners, families with many children, persons who have lost their jobs or are temporarily unemployed, etc.,—and offer other kinds of social assistance to the needy in connection with the transition to a market economy.

7. In order to overcome negative sociopsychological factors arising in connection with the developing market interrelationships, other measures should also be taken to provide a painless transition to the market economy, and wide use should be made of the mass media of information to form a positive public opinion.

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### Uzbekistan Issues Legislation on Retail Price Reform

#### Text of Decree

914407064 Tashkent PRAVDA VOSTOKA in Russian  
30 Mar 91 p 1

[Text of Decree No. 74 of the Uzbek SSR President's Cabinet "Concerning Retail Price Reform," issued in Tashkent 29 March 1991]

[Text] In accordance with the 19 March 1991 Ukase of the USSR President and the 19 March 1991 Decree No. 105 of the USSR Cabinet of Ministers: "Concerning the Reform of Retail Prices and Social Protection of the Population," and in connection with the wholesale prices and tariffs in industry and other national economic sectors and purchase prices for agricultural products which take effect on 1 January 1992, the Cabinet of Ministers decrees:

1. That the leadership shall take cognizance of the 19 March 1991 Ukase of the USSR President and the 19 March 1991 Resolution No. 105 of the USSR Cabinet of Ministers: "Concerning the Reform of Retail Prices and Social Protection of the Population."

2. That the reform of retail prices, including their gradual liberalization, shall be implemented, keeping in mind that prices for consumer goods and rates for services are formed with consideration for the real cost of their production and realization, their consumer properties, the relationship between supply and demand and the establishment of maximum increases, which are uniform throughout the republic, in the retail prices for basic goods which determine the public's living standard.

That the change in retail prices and tariffs shall be coordinated with the implementation of compensatory

measures for the social protection of the public—with increases in wages, stipends, pensions, allowances and other social payments.

3. That maximum increases in state retail prices for basic consumer goods shall be established according to Addendum No. 1.

4. That the Uzbek SSR State Committee on Prices, the Council of Ministers of the Kara-Kalpak ASSR, the oblispolkoms and the Tashkent Gorispolkom [city soviet executive committee] shall establish in accordance with their jurisdictions new retail prices and put them into effect beginning 2 April 1991 and shall ensure that the price lists are brought to the attention of all concerned ministries, agencies, enterprises and organizations.

5. That the existing state retail prices shall not be raised in 1991 for flour, bread and bread products, medicines and items used for medicinal purposes, coffee, synthetic fabrics and items made from them, shoes made with artificial materials, fur items, knitted goods, stockings and toys, gasoline, kerosene, electricity, gas, coal, furnace fuel and firewood supplied to the public, as well as vodka.

That the Uzbek SSR Ministry of Finance shall compensate the Uzbek SSR Ministry of Bread Products in 1991 for the difference in prices for flour, bread and bread products out of the republic's budget.

6. That the public is subject to full compensation for the increase in the prices for basic foodstuffs, underwear, mass-produced types of fabrics, clothing and footwear, personal-hygiene and tobacco products, building materials, furniture, wallpaper, dishes, everyday chemical products, and some other goods, as well as charges for passenger trips by municipal transportation (bus, trolley, tram and subway).

7. That for purposes of limiting the growth of retail prices, subsidies shall be partially retained in 1991 for fish products, medicines and certain other socially significant consumer goods.

That in 1991 the Uzbek SSR Ministry of Finance shall compensate for the difference in prices for these foodstuffs and goods.

8. That the tariff for taxi rides shall be set at 40 kopecks per km and the fare on buses, trolleys, trams and the subway shall be set at 15 kopecks.

That the Uzbek SSR Ministry of Finance shall compensate annually for the difference in the fare charged on buses, trolleys, trams and the subway.

That the passenger fares for suburban rail transportation shall rise by an average of 280 percent.

That passenger fares for buses on suburban and intercity lines shall increase 60 percent and the fare on inter-republic buses shall increase two-fold.

9. That in 1991 the goods listed in Addendum No. 2 shall be sold to the public at regulated prices. The regulation of prices takes place through the introduction of maximum price levels or maximum changes with regard to the price-list prices, or through another method, which is determined by the organs of price formation within the limits of their jurisdiction.

That the Uzbek SSR State Committee on Prices, the Kara-Kalpak ASSR Council of Ministers, the oblispolkoms and the Tashkent Gorispolkom, shall establish in accordance with their jurisdictions and bring to the attention of all the concerned enterprises and organizations the maximum levels of prices or the maximum changes in prices.

10. That the goods specified in Addendum No. 3 shall be added to the list, established by the 27 November 1990 Decree No. 370 of the Uzbek SSR President's Cabinet of Ministers, of consumer goods which are sold to the public at contract (free) retail prices.

11. That in order to provide social protection for certain categories of the population discounted monthly tickets shall be retained in connection with the introduction of new rates for municipal transportation; that they shall be available to schools pupils, daytime college students, pensioners, invalids and participants in the Great Patriotic War. That people who have the right of free passage on municipal transportation, as established by the existing legislation and ukases of the Uzbek SSR President, shall retain that benefit.

12. That as a result of the further liberalization of price formation the establishment of supplements for new consumer goods with the Index "D" and "N" shall be halted.

13. That for purposes of raising the level of commercial service to the public and of ensuring equal profitability in the sale of expensive and inexpensive goods the Uzbek SSR State Committee on Prices shall introduce at the same time as the new retail prices new commercial discounts which are to vary according to the consumer goods to which they apply. That identical discount rates shall be established for retail trade and public catering enterprises.

That, if necessary, the lists of rayons, organizations and enterprises for which increased trade discounts are granted when goods are supplied on the basis of state retail prices shall be specified in more detail, and the size of price increases in public catering resulting from increases in wholesale and retail prices, tariffs, social-insurance premiums and trade discounts shall be re-examined.

14. That the Kara-Kalpak SSR Council of Ministers, the oblispolkoms and the Tashkent Gorispolkom shall be granted the right to establish the prices for cinema tickets and for showings of video programs in accordance with the 18 November 1989 decree No. 1003 of the USSR

Council of Ministers: "Concerning Perestroyka of the Creative, Organizational and Economic Activities of Soviet Cinematography."

That the Uzbek SSR Ministry of Culture, in conjunction with the Uzbek SSR State Committee on Prices and the Uzbek SSR Ministry of Finance, shall establish a procedure for formulating and establishing prices for these types of services.

15. That the Uzbek SSR Ministry of Trade, Uzbekbrlyash [Uzbek birlashuv] [joint venture, state is one of the partners], the Employee Supply Departments [ORS] and the Worker Supply Administrations [URS] shall perform a reevaluation, based on the status as of 2 April 1991, of the remaining goods and material valuables on which retail prices are being changed, and shall put the additional amount into the income of the republic's budget.

That the Uzbek SSR State Committee on Prices and the Uzbek SSR Ministry of Finance shall work together with the Uzbek SSR Ministry of Trade and Uzbekbrlyash to prepare instructions on how the re-evaluation is to be conducted.

16. That the Kara-Kalpak ASSR Council of Ministers, the oblispolkoms and the Tashkent Gorispolkom, the officials of the ministries, agencies, enterprises and organizations shall ensure improved economic functioning of enterprises through the reduction of output costs due to the introduction of the achievements of science, technology and advanced equipment into production and through better organization and procedures in production; that they shall monitor constantly the situation with regard to the supply of material-technical resources necessary for enterprises to fulfill contract obligations for the production of consumer goods; that they shall take the necessary measures to improve the price-setting work of enterprises, associations and organizations under their jurisdiction; that they shall strengthen the appropriate subdivisions by adding skilled specialists; that they shall raise the standards for the economic substantiation of prices and tariffs; that they shall improve the conduct of price-list management and ensure strict observance of state discipline with regard to prices and the amounts of compensatory payments.

That the Uzbek SSR State Committee on Prices shall increase its monitoring of compliance with the procedure established for price formation; that it shall repeal in a timely fashion those prices which are formed in violation of existing legislation; that it shall ensure that irreversible economic sanctions are applied to enterprises and organizations which violate the state discipline of prices and shall take measures to bring to justice people guilty of these violations.

17. That Uzbek SSR Goskoopsnab [State Cooperative for Material and Technical Supply] shall—on the basis of contracts concluded—ensure the largest possible amounts of material-technical resources for enterprises and organizations of the republic to produce consumer goods.

18. That the Uzbek SSR Ministry of Finance shall examine within a five-day period, in conjunction with the Uzbek SSR Ministry of Trade and Uzbekbryash, issues related to increasing the norm for the amount of working capital which these agencies have themselves.

19. That the Uzbek SSR Procurator's Office, the Uzbek SSR Committee for State Security and the Uzbek SSR Ministry of Internal Affairs shall begin strict monitoring of the process for re-evaluating the remaining goods and material valuables already in the trade network and shall report on the results within a 10-day period after the new retail prices are introduced.

20. That cognizance shall be taken of the 19 March 1991 Decree No. 105 of the USSR Cabinet of Ministers, which directs:

—the USSR Ministry of Railways and the USSR Ministry of the Maritime Fleet to establish new price increases for products sold in restaurant and buffet cars and at public catering enterprises on ships;

—the USSR Ministry of Railways, the USSR Ministry of Civil Aviation, the USSR Ministry of the Maritime Fleet and the USSR Ministry of Communications to establish, in conjunction with the USSR State Committee on Prices, new passenger fares for railway, air, and marine transportation and new rates for communication services.

21. That responsibility for the fulfillment of this decree shall be entrusted to the general economic complex and the sector departments of the Cabinet of Ministers, which shall hear, on a quarterly basis at its sessions, officials from the ministries and agencies reporting on the course of its fulfillment.

[signed] *I. Karimov, Chairman of the Cabinet of Ministers*

#### Addenda to Decree

91440706B Tashkent PR1FDA VOSTOKA in Russian  
30 Mar 91 p 2

[Addenda to 29 March 1991 Resolution of the Cabinet of Ministers of the Uzbek SSR President]

[Text]

#### Addendum No. 1 to the 9 March 1991 Decree of the Cabinet of Ministers of the Uzbek SSR President

#### Maximum Increases in State Retail Prices for Basic Consumer Goods

	On average (in percentages)
Meat and meat products	375*
Milk and dairy products	230*
Eggs and egg products	120*
Bread, flour, pasta products	—**

Cereals, including rice	200
Sugar	135
Tea	100
Fish products	130
Salt	240
Vegetable oil, margarine products, mayonnaise, soap	100
Food concentrates	200
Domestic tobacco products sold separately	50
Underwear, mass-produced types of fabrics, clothing, footwear	135
Goods for children	195
Items for household use	75
Passenger fares for:	
—railway transportation	70
—air transportation	80
—marine transportation	140
Communication services for the public	20

\*As a result of specific production and distribution characteristics in the Uzbek SSR, republic-wide maximum increases in retail prices are established for these types of products.

\*\*In 1991 retail prices are being maintained at the 1990 level for bread, flour and pasta products

#### Addendum No. 2 to the 29 March 1991 Decree of the Uzbek SSR President's Cabinet of Ministers

#### LIST OF CONSUMER GOODS SOLD TO THE PUBLIC AT REGULATED RETAIL PRICES

##### Products of Light Industry

New, high-fashion fabrics, knitted linens, as well as high-quality goods for children

Collars for adults made of rabbit, sheepskin, karaul and other types of fur (excluding expensive types)

Headwear for adults made of rabbit or sheepskin

Down-feather items\*

##### Goods for Cultural, Personal or Household Use

Passenger cars

Forestry and saw-mill products, construction materials

School supplies for children

Bicycles for adolescents and children

Baby carriages

Children's toys

Matches

Washing machines with manual wringers

Refrigerators with a capacity up to 250 liters

Radios, sound-recording and sound-reproducing equipment in complexity group three-four

Black-and-white television sets

Color television sets of generations two-three

Straight-line sewing machines

Synthetic washing substances

Gas and electric stoves

Film-strip projectors, film strips and other cinematic and photographic goods for children

Records for children

Sources of current (power packs)

Books and book products

Furniture (individual items—tables, chairs, divans, beds and other pieces which are not part of a set or suite)

Wallpaper

Enamel or aluminum kitchen ware

Knitting machines

Glassware made of colorless glass, blown and pressed

Sets of porcelain and glazed pottery dishes

Standardized houses and garden sheds, sets of parts

Agricultural mini-tractors, motor units and motorized cultivators

Household instruments

Local building materials

Felt and felt materials

#### Food Products

Wine, including champagne

Ordinary cognacs

Liqueur-vodka items

Beer

Perfume products

Caramels

Tropical fruits, citrus fruits and processed products made from them Sausages smoked and semismoked of the highest grades\*

Oil made from fruit pits\*

Eastern national candies\*

\*These goods are included in accordance with the republic's jurisdiction

#### Addendum No. 3 to the 29 March 1991 Resolution of the Uzbek President's Cabinet of Ministers

#### DOMESTICALLY-PRODUCED AND IMPORTED GOODS WHICH ARE BEING ADDED TO THE LIST OF CONSUMER GOODS SOLD TO THE PUBLIC ON THE BASIS OF CONTRACT (FREE) PRICES

##### Light Industry Goods

Linen fabrics, items made from them, as well as tablecloths, bedspreads and other items sold separately (excluding output for industrial-engineering purposes)

Fabric made from natural silk in combination with other fibers and items made from it, silk furniture fabrics, bedspreads, cushion covers, tablecloths, curtains, velvet (except for products intended for industrial-engineering purposes), velour\*

Pure wool fabrics (excluding special-purpose fabrics) and items made from them, furniture fabrics, blankets containing camel and angora wool, rugs, bedspreads, cushion covers, tablecloths, curtains

Cotton dress fabrics of jacquard or crepe weave, marquisette, voile, cambric, muslin, denim with a weight greater than 400 g/sq.m, velvet and items made from it, as well as furniture fabrics, bedspreads, cushion covers, tablecloths, curtains

New high-fashion items made of cotton, half-wool and chemical fibers

Nonwoven linens of terry or embroidered toweling, dress-blouse linens, decorative linens

Curtain fabrics, except those of the simplest structures

Cotton thread for knitting and embroidery, sewing thread made from natural silk

Leather footwear for adults: fashion shoes, sports shoes for athletes, shoes for active leisure

Polymer footwear for adults, sport shoes, shoes for active leisure

Knitwear for adults made from pure wool yarn Numbers 45 and 52, from imported formed yarn and goat down.

Carpets and carpet items

Leather haberdashery items made of natural and artificial leather (excluding items for special purposes and for children)

Collars for adults made of valuable types of natural fur

Imported high-quality clothing and knitwear, footwear, leather haberdashery items for adults

Twine and rope

Fabrics and items using methanite [metanit]

Clothing made from domestically-produced natural leather	Handicraft items, souvenirs, badges	
Items with gold embroidery*	Metal and other jewelry items, manicure sets, dressing cases and other fancy goods	
Folk craft items and souvenirs*	Sanitary-engineering equipment	
<b>Goods for Cultural-Personal and Household Use</b>		
Watches	Spare parts for electrical and radio products and other complex equipment for cultural, personal and household purposes	
Personal computers and microcalculators	Harnesses and saddles*	
Refrigerators with a capacity of more than 250 liters, two-three chambered refrigerators, freezers	Christmas trees*	
Semiautomatic and automatic washing machines	Ceramic and pottery items*	
Semiautomatic zig-zag sewing machines and automatic knitting machines	Pet products*	
Vacuum cleaners, floor polishers and other electric appliances	<b>Food Products</b>	
Electric and radio-measuring instruments	Raw-smoked sausage items	
Ballpoint and fountain pens	Ice cream	
Records (excluding children's records)	Fancy breads and bagel products, rusks, crispbreads, breadsticks, horn-shaped bread products	
Telephones, spare parts and accessories for them*	Thick- and thin-pancake flour	
Photographic and cinematic products (except those for children)	Confectionery goods (excluding caramels)	
Heating and water-heating equipment	Nonalcoholic beverages and mineral water	
Products for household and personal use made of wood and metal	Rabbit meat	
Paper goods (excluding school supplies and goods for children)	Live fish	
Mirrors	Fortified cereals	
Plastic items	Starch	
Stainless steel utensils	Tea with added plant substances	
Gardening equipment	Imported tobacco items	
Hardware items, locks	Spices*	
Everyday chemical products	<b>*These items are included in accordance with the republic's jurisdiction</b>	
Sporting goods	<b>Tajik Law on Enterprise, Association, Organization Taxes</b>	
Musical goods	<b>Text of Law</b>	
Radios, sound-recording and sound-reproducing devices of the second group of complexity (radios, combination radio and record-players, etc.)	<i>914A0715A Dushanbe KOMMUNIST TADZHIKISTANA in Russian 11 Apr 91 pp 1-3</i>	
Motorcycle and bicycle products, automobile accessories (excluding those for children)	[Text of "Law of Tajik SSR 'On Taxes From Enterprises, Associations and Organizations'"]	
Construction equipment for individual use	[Text] The present Law establishes the taxes collected on the territory of the Tajik SSR from enterprises, associations and organizations; defines the subjects of taxation, the objects of taxes, the order of tax payment, the general order of granting tax privileges, and the responsibility for	
Brush and bristle items		

violation of the Law and order of resolving disputes arising in connection with tax payments.

Enterprises, associations, organizations and their branches located on Tajik SSR territory and performing their activity, regardless of their forms of ownership, subordination, spheres, or organizational forms of economic management, pay the following all-union and republic taxes in accordance with this Law:

- tax on profits;
- turnover tax;
- export and import tax;
- tax on the labor wage fund of kolkhoz workers;
- tax regulating the expenditure of funds directed for consumption;
- income tax.

The local Soviets of People's Deputies, in accordance with Tajik SSR legislative statutes, determine the collection of local taxes on their territory.

### Chapter I. Tax on Profits

#### Article 1. Taxpayers

1. The payers of the tax on profits are:

- a) enterprises, associations and organizations operating under cost accounting who have an independent balance and are legal persons (except for the Tajik SSR National Bank), including joint enterprises created on Tajik SSR territory with the participation of Soviet legal persons and foreign legal persons and citizens, international associations performing economic activity and located on Tajik SSR territory, and branches of local enterprises created on the territory of other countries with participation of the republic's enterprises, associations and organizations;
- b) organizations which do not operate under cost accounting, but which receive income from economic or other commercial activity, except for budget organizations;
- c) international nongovernmental organizations (associations) which perform economic and other commercial activity on Tajik SSR territory.

The payers of taxes on profits indicated in this section are subsequently referred to as "enterprises".

2. For enterprises located on Tajik SSR territory and related to the primary activity of the USSR Ministry of Railways, the USSR Ministry of Civil Aviation, and the USSR Ministry of Communications, budget accounting is performed in the order established by the USSR Cabinet of Ministers.

3. The order and amounts of taxes on profits of foreign legal persons are defined in Chapter 2 of the present Law.

#### Article 2. Computation of taxable profit

1. Taxable profits are computed based on the balance profits, which represent the sum of profits from the sale of products (work, services) or other material goods, and the income from nonsale operations, reduced by the sum of expenditures for these operations.

The profit from the sale of products (work, services) is determined as the difference between the revenue from the sale of the products (work, services) in effective prices without the turnover tax, and the production and marketing expenditures which are included in the production cost of the products (work, services).

The income (expenditures) from non-sale operations includes income obtained from share participation in joint enterprises on equipment leasing, dividends from stocks, bonds and other securities belonging to the enterprise, as well as other income (expenditures) from operations which are not directly associated with production of the products (work, services) and their sale, including the sums received and paid in the form of economic sanctions and compensation for losses.

In accordance with USSR and Tajik SSR legislation, the sums entered into the budget in the form of sanctions at the expense of profits remaining at the enterprise's disposal are for tax purposes excluded from the make-up of expenditures on non-sale operations.

2. For purposes of computing the taxable profits, the balance profits are increased (reduced) by the sum by which the expenditures for wage payments for enterprise personnel engaged in basic activity, as part of the production cost of the sold products (work, services), exceed (undercut) their standard amount as determined in accordance with the order specified in Article 3 of the present Law.

The indicated increase (reduction) in the balance profit during computation of the taxable profits is not performed for joint enterprises created on Tajik SSR territory with the participation of Soviet legal persons and foreign legal persons and citizens, if the foreign participant's share in the charter fund exceeds 30 percent. These [increases (reductions)] are also not performed for international non-governmental organizations (associations), as well as for international associations performing economic activity.

The balance profits are also reduced by the sum of rent payments (contributed in the established order from the profits), by the sum of dividends obtained for stocks, bonds and other securities belonging to the enterprise, and by the sum of revenues obtained from share participation in joint enterprises.

3. In computing the taxable profits, the balance profits of commercial banks, including cooperative banks, stockholding societies, and joint enterprises with participation of Soviet legal persons and foreign legal persons and citizens, are reduced by the sum of deductions to the reserve fund or some similar fund of such enterprises until the amounts of these funds as specified by USSR and Tajik SSR legislation are reached, but not to exceed 25 percent of the charter fund.

4. Organizations which do not operate under cost accounting and which receive their income from economic and other commercial activity, except for budget organizations, must pay a tax on the sum by which income obtained from this activity exceeds expenditures.

5. Profits (amount by which income exceeds expenditures) obtained on the territory of the Tajik SSR, in the republic's economic zone, as well as beyond the boundaries of the republic, are taxable in the order specified by the present chapter.

#### **Article 3. Expenditures for production and sale of products (work, services) included in their production cost**

1. In determining profits, the material expenditures, amortization deductions on the complete restoration of fixed production capital, labor wage expenditures, deductions to the state social insurance fund, deductions for mandatory medical insurance, payments for mandatory property insurance, interest payments for short-term bank credits, except for interest on overdue and extended loans and loans obtained for replenishing shortage of one's own turnover capital, as well as other expenditures for the production and sale of products, including expenditures for all types of repair on fixed production capital, are all included in the production cost of products (work, services). When enterprises create a repair fund in accordance with the effective legislation, the expenditures also include the deductions to this fund.

2. Material expenditures include: Expenditures for raw goods and basic materials (excluding the cost of recyclable waste products), purchased goods and semi-finished products, auxiliary materials, fuel, and power; expenditures associated with the application of natural raw materials (deductions for covering expenditures for geological survey and geological mining exploration work, expenditures for recultivation of land, payment for land, payment for standing timber, as well as payment for water collected by industrial enterprises, kolkhozes and sovkhozes from water management systems within established limits), as well as expenditures for work and services of an industrial nature performed by outside enterprises and organizations.

3. Amortization deductions for full restoration of fixed production capital, including accelerated amortization of its active portion, are performed in accordance with USSR and Tajik SSR legislation.

Joint enterprises created on Tajik SSR territory with participation of Soviet legal persons and citizens perform amortization deductions for full restoration according to the standards and in the order established for Soviet enterprises, unless otherwise specified by the charter document of the joint enterprise.

4. The expenditures for labor payments include: Labor wages computed based on piece-rate valuations, wage rates and salaries established depending on the results of the labor, its amount and character; incentive and compensatory payments; systems of bonuses for workers, managers, specialists and other employees for production results; other conditions of labor payments in accordance with the forms and systems of labor payment used at the enterprises. For sovkhozes, kolkhozes and other agricultural enterprises, payments by results of work for the year, determined in the established order, are also included.

The order of determining the standardized amount of expenditures for labor wages of enterprise personnel engaged in primary activity, which is used for computing the taxable profits, is determined annually by the Tajik SSR Supreme Soviet upon presentation of the Tajik SSR Cabinet of Ministers.

The production cost of products (work, services) does not include the following payments in monetary and natural forms: Material aid, bonuses for results of work for the year, payment for vacations additionally granted to workers by decision of the labor collective (above that provided by legislation, including for women raising children), pension supplements, one-time subsidies for veterans of labor who are retiring, income (dividends, interest) paid on stocks held by the labor collective and investments by members of the labor collective into enterprise property, as well as other payments which are made at the cost of profits remaining at the disposal of the enterprise, and special sources.

5. The specific make-up of expenditures included in the production cost of products (work, services) in individual sectors of the national economy is established in the order specified by the USSR Cabinet of Ministers and the Tajik SSR.

#### **Article 4. Tax rates**

1. Profits, within the limits of the profitability level determined for individual sectors and in the order established by the USSR and Tajik SSR Supreme Soviets, are taxable at a rate of 45 percent. Of this, the tax on profits at a rate of 22 percent is entered into the union budget, and at a rate of 23 percent is distributed between the republic budget and the local budgets in amounts determined by the Tajik SSR Supreme Soviet during ratification of the budget for the coming year.

Moreover, the sum of tax on profits entered into the budgets, the payments for labor resources, as well as the payments for natural resources (with the exception of sums of payments related to production cost of the

products (work, services) in accordance with section 2 of Article 3) must not exceed 45 percent of the taxable profits within the limits of the profitability level.

2. If the profitability exceeds the marginal level, the excess profits are taxable at the following rates:

- 80 percent—if the marginal level is exceeded by up to 10 points, inclusive;
- 90 percent—if the marginal level is exceeded by over 10 points.

In this case, 50 percent of the sum of the tax computed at these rates goes to the union budget, and the remaining 50 percent is distributed between the republic budget and the local budgets in amounts determined by the Tajik SSR Supreme Soviet during ratification of the budget for the corresponding year.

**Article 5. Tax rates for certain types of payers and order of their entry into the budget**

1. For certain types of payers, the following tax rates are set on profits:

- a) for state specialized banks and commercial banks, including cooperative banks and insurance organizations—55 percent;
- b) for joint enterprises created on Tajik SSR territory with participation of Soviet legal persons and foreign legal persons and citizens:
  - 30 percent—if the portion of the foreign participant in the charter fund exceeds 30 percent;
  - at rates specified in section 1, Article 4 of the present Law, if the foreign participant's share in the charter fund comprises 30 percent or less.

Upon liquidation of a joint enterprise, the unused sum of its reserve fund is subject to taxation at the rate established for this enterprise:

- c) for consumer societies, their unions, enterprises, associations and organizations of consumer cooperatives united by Tajikpotrebsoyuz [Tajik Consumer Union] (except for banks)—35 percent;
- d) for public organizations, their enterprises and organizations—35 percent;
- e) for enterprises of religions and youth organizations, if the number of young people in them comprises no less than 50 percent of the overall number of workers at these enterprises—15 percent;
- f) for production cooperatives (with the exception of farm cooperatives), their unions and associations—45 percent;

—for trade-purchasing and public catering cooperatives (which do not have their own subsidiary enterprise (farm) for production of meat and dairy products), middleman operations and entertainment cooperatives—60 percent.

Branches and sections of production cooperatives contribute taxes in the name of the cooperatives to the budgets of the appropriate Soviets on whose territory they are registered, and at the indicated rate:

- g) for sovkhozes, kolkhozes (including fishing), and farm cooperatives, leasing enterprises and other agricultural enterprises, regardless of their form of ownership—25 percent, with the overall sum of all types of taxes not to exceed 30 percent;
- h) for consumer services enterprises—30 percent, for enterprises of the "Khizmat" concern—25 percent;
- i) for municipal services enterprises—30 percent;
- j) for small enterprises created by existing enterprises in rural areas and manufacturing consumer goods—25 percent;
- k) for enterprises which are part of the local economy and related to communal ownership—at rates set by the Soviet of People's Deputies of the Gorno-Badakhshan Autonomous Oblast, the oblast Soviets of People's Deputies and the Soviets of People's Deputies of the rayons and cities of republic subordination, but no higher than 45 percent.

2. The sum of the tax collected from payers indicated in subsections "a" and "b" of section 1 of this article is credited in the amount of 50 percent to the union budget, and the remaining 50 percent is distributed between the republic budget and the budgets of the local Soviets of People's Deputies in amounts determined by the Tajik SSR Supreme Soviet for the corresponding period.

The sum of the tax collected from payers indicated in subsections "c", "d", "e" and "k" of section 1 of this article, as well as the tax from kolkhozes, is credited to the local budgets.

The sum of taxes paid by production cooperatives, their unions and associations is credited to the budget of the rayon or city in which they are registered.

The sum of taxes collected from payers indicated in the other subsections of section 1 of this article, except for kolkhozes, is credited to the republic budget.

3. For enterprises listed in section 1 of the present article, the tax rates are applied within the limits of the marginal level of profitability determined for individual sectors in the established order.

If the profitability [profit rate] exceeds the marginal level (except for subsection "g"), the surplus profit is taxed at rates specified in section 2, Article 4 of the present Law.

**Article 6. Tax benefits**

1. Taxable profits computed in accordance with Article 2 of the present Law are reduced by:

a) a sum in the amount of 30 percent of expenditures of enterprises (except for capital investments) for performing scientific-research and experimental-design work, and for preparation and assimilation of new progressive technologies and types of production (including machine building products supplied for export for freely convertible currency), implemented at the expense of profits remaining at the disposal of the enterprises;

b) the sum of profits used for paying off credit given for financing centralized state capital investments (for a term specified in the credit agreement) and not covered by the profits directed to savings;

c) a sum in the amount of 30 percent of the expenditures associated with the implementation of environmental protection measures for enterprises for whom a standard of 45 percent profits tax has been established; for construction of housing and social-cultural-domestic facilities performed at the expense of profits remaining at the disposal of the enterprises;

d) the sum of expenditures spent from the profits remaining at the disposal of the enterprises in accordance with the standards for expenditures ratified by the local Soviets of People's Deputies, for maintenance of public health facilities, old-age and invalids' homes, children's pre-school institutions, Young Pioneer camps, cultural and sports facilities, public education institutions and housing fund facilities listed on their balance sheets;

e) the sums of profits contributed to the Soviet Children's Fund imeni V. I. Lenin, the USSR Pension Fund, the Soviet Peace Fund, the Soviet Culture Fund, the Soviet Charity and Health Fund, the Fund for Aid to Retarded Children imeni L. Vygotskiy, volunteer physical culture-sports societies, the Red Cross and Red Crescent union societies, the all-union "Invalid Rehabilitation" association, the all-union organizations of servicemen serving abroad, the "Ogonek"-AntiAIDS" and "Chernobyl" funds, their republic, regional and local sections; ecological, health treatment and other similar republic funds; charitable causes, as well as to the listed enterprises, institutions and organizations of culture, public education, public health and social provision, physical culture and sports. However, these deductions may not exceed one percent of the taxable profits determined in accordance with Article 2 of the present Law.

f) the sum of expenditures spent by enterprises (except for agricultural enterprises and consumer cooperatives) from their profits for the purpose of aiding agricultural enterprises in construction of rural facilities and purchasing equipment for them, but no more than one

percent of the taxable profits determined in accordance with Article 2 of the present Law;

g) a sum in the amount of 30 percent of the profits of enterprises utilizing the labor of old-age pensioners and invalids, if their numbers comprise no less than 50 percent of the overall number of persons employed there, or a sum in the amount of 20 percent of the profits if the number of old-age pensioners and invalids comprises from 30 to 50 percent of the total number of persons working at the enterprise.

This benefit is applicable for the following types of enterprises:

—folk arts and crafts;

—specialized enterprises in local industry and consumer services;

—small enterprises (related to such in accordance with USSR and Tajik SSR legislation);

—joint enterprises created on the territory of the Tajik SSR with participation of foreign legal persons and citizens and Soviet public organizations of invalids and pensioners, their institutions, educational-production enterprises and associations.

2. Student cooperatives and youth institutions engaged in finding employment for young people are excused from tax payment.

3. For consumer cooperatives united by the Tajik Consumer Union, the following are excused from taxation:

a) the profits of newly organized enterprises (shops) producing consumer goods from local raw materials and by-products (including agricultural raw materials procured at purchase prices), with the exception of wine, vodka products, tobacco, tobacco products, and perfume-cosmetic products containing alcohol, with the condition that the cost of the full-value materials and raw goods used for the production of the goods does not exceed 25 percent of the overall cost of the raw goods and materials—excused from taxation for a period of two years from the operational introduction of these enterprises (shops);

b) the profits of enterprises which are channeled into the development of their own material-technical base in rural areas, city-type settlements and rayon centers;

c) the profits from sale of locally caught fish;

d) the profits from kolkhoz markets used for construction and expansion of their material-technical base, for the development of subordinate hotel management, and for improvements and coverage of kolkhoz market operation expenses.

4. The Tajik republic department of the USSR Pension Fund and its branches are fully absolved of paying taxes on profit (income) obtained from commercial and production activity.

5. Among social organizations, the following are excused from paying taxes:

- a) social organizations of invalids, their institutions, educational-production enterprises and associations;
- b) the Soviet Children's Fund imeni V. I. Lenin, the Soviet Peace Fund, the Soviet Culture Fund, the Soviet Charity and Health Fund, the Fund for Aid to Retarded Children imeni L. Vygotskiy, the all-union "Rehabilitation of Invalids" association, all-union organizations of servicemen serving abroad, the branches of these funds and associations, as well as their enterprises and organizations [are excused from paying taxes] on profits directed to these funds and associations for the implementation of their charter activity;
- c) the Union of Red Cross and Red Crescent societies, as well as their enterprises and organizations [are excused from paying taxes] on profits directed to the union and to societies for the implementation of their charter activity;
- d) profits of cost accounting enterprises of artist's unions directed by the indicated unions for the implementation of their charter activity;
- e) the All-Union Society of Inventors and Innovators, as well as its organizations [are excused from paying taxes] on profits directed to the society for implementation of its charter activity;
- f) profits of enterprises created by youth or trade union organizations at higher or secondary special educational institutions, secondary and vocational-technical schools, which are directed toward improving the social-domestic conditions of the students and instructees;
- g) DOSAAF [Voluntary Society for Cooperation with the Armed Forces] and its organizations and institutions engaged in military-patriotic education of the population and training of qualified cadres for the USSR Armed Forces and the national economy.

6. For religious organizations, financial and property contributions, as well as other income of these organizations, are not taxable.

7. For joint enterprises created on Tajik SSR territory with the participation of Soviet legal persons and foreign legal persons and citizens, if the foreign participant's portion in the charter fund exceeds 30 percent:

a) joint enterprises in the sphere of material production are excused from paying tax on profits for the first two years after they receive their balance profits, with the exception of enterprises engaged in mining and fishing. If the joint enterprise is liquidated prior to the end of the period for which it is excused from taxation, the sum of the tax is computed in full volume for the entire period of the enterprise's activity;

b) the taxable profits are reduced by the sum of profits directed toward development of production, payment of

interest on long-term bank credits, except for the interest on overdue and extended loans, as well as toward the implementation of scientific-research and experimental-design work and the implementation of environmental protection measures;

c) the part of the profit obtained during the first five years after identification (on the basis of bookkeeping balance) of losses and directed toward coverage of these losses if the reserve fund is insufficient, is excused from taxes.

8. For production cooperatives (except kolkhozes):

a) cooperatives (cooperative associations) of veterans of war, labor and the USSR Armed Forces created under councils of war and labor veterans which employ no less than 70 percent of persons who have reached retirement age (pensioners) are fully absolved of paying taxes;

b) cooperatives for the production and processing of agricultural products, construction and repair-construction cooperatives, and cooperatives for the production of building materials are fully absolved of paying taxes during the first two years of their operation;

cooperatives engaged in other types of activity (except for trade-procurement, public catering, and those not having their own subsidiary enterprise (farm) for the production of meat and milk), middleman operations and entertainment cooperatives pay a profit tax in the amount of 25 percent of the approved tax rate for the first year after their formation, and 50 percent for the second year.

If a cooperative ceases operation before a period of three years has elapsed, the sum of the tax is computed in full volume as determined for this type of cooperative and for the entire period of its activity.

Benefits specified in subsection "b" of this section are not granted to cooperatives created on the basis of liquidated enterprises or their structural subdivisions, as well as to cooperatives created at enterprises and organizations under the condition that they operate on equipment leased from the enterprises;

c) cooperatives which provide services in caring for children, invalids and the ill, as well as those manufacturing children's toys, are excused from paying taxes on profits.

9. For small enterprises related to this group in accordance with USSR and Tajik SSR legislation:

a) the profit directed toward construction, reconstruction and renovation of fixed capital, assimilation of new engineering and technology, training and advanced training of cadres, is nontaxable;

b) small enterprises and branches of industrial enterprises built in rural areas for the production and processing of agricultural products, production of consumer goods, construction and repair-construction work, production of building materials, as well as small start-up

enterprises, are excused from paying taxes on profits for the first two years of their operation;

c) for other types of activity, in the first year small enterprises pay a tax on profits in the amount of 25 percent, and in the second year they pay 50 percent of the profit tax rates established for them.

The benefits indicated in subsections "b" and "c" do not apply to small enterprises created on the basis of liquidated (reorganized) enterprises, their branches or structural subdivisions.

If a small enterprise ceases its activity before a period of 3 years has elapsed, the sum of the tax is computed in full volume for the entire period of its activity.

10. Leasing enterprises formed on the basis of state enterprises and their structural subdivisions reduce the sum of the tax, computed by rates in accordance with Articles 4 and 5 of the present Law, by the amount of their lease payment, with deduction of amortization allowances which are figured into it. The indicated reduction in the sum of the tax applies to the state budget if the enterprise (or its subdivision) given for lease is under all-union ownership, and to the republic and local budgets if these enterprises are under republic or communal ownership.

11. Enterprises having technical schools are excused from tax payments.

12. Additional benefits on profits tax within the limits of the sum of taxes entered into the union budget may be established by the USSR Cabinet of Ministers.

The Tajik SSR Cabinet of Ministers, with consideration for the specifics of the enterprises and organizations of individual sectors, as well as with recruitment of available labor resources, may establish additional benefits on profit taxes within the limits of the sum of taxes entered into the republic budget.

The local Soviets of People's Deputies may allow additional benefits on profit taxes within the limits of the tax sums entered into the local budgets.

#### **Article 7. Order of determining profit tax benefits**

The amounts of profit tax rates, as well as the complement of tax benefits provided by the present Law and the order by which the appropriate types [of benefits] are granted, may be defined by the USSR Supreme Soviet and the Tajik SSR Supreme Soviet during ratification of the budget for the upcoming year.

#### **Article 8. Order of computation and terms of tax payments**

1. The payers must themselves determine their tax, based on the amount of taxable profit and with consideration for the allowed benefits and tax rates.

2. During the quarter, all payers (with the exception of those listed in sections 3 and 4 of this article) must make advance tax payments to the budget in the amount of the

actual sum of the tax paid into the budget for the corresponding period of the preceding year.

Advance tax payments to the budget are made no later than on the 15th and 28th of each month in equal installments, and in the amount of 1/6 of the quarterly sum of the profit tax.

At the request of a payer whose profit tax comprises an insignificant amount, the payer's local tax agency may establish a single time of payment to the budget—the 20th of each month in the amount of 1/3 of the quarterly tax sum.

At the end of the first quarter, half a year, nine months and a year, the payer computes the total sum of the tax due since the beginning of the year, based on the taxable profits which he has actually received.

3. Consumer societies and their unions, enterprises, associations and organizations of consumer cooperatives, as well as cooperative and public enterprises, associations and organizations must determine their tax on a quarterly basis in a running total from the beginning of the year, crediting the tax sums computed for the preceding quarters.

Kolkhozes, sovkhozes and other agricultural enterprises must determine their tax on profits actually received for the preceding calendar year no later than 15 March of the following year, based on the bookkeeping report (balance). They must make annual advance tax payments to the budget in the amount of 50 percent no later than 15 November on the balance of the expected profits, determined for 1 October of the current year.

4. Joint enterprises created on Tajik SSR territory with the participation of Soviet legal persons and foreign legal persons and citizens must make quarterly advance tax payments to the budget during the year, in the amount of 1/4 of the annual sum of payments. These payments are due no later than the 15th of the last month of each quarter. The advance sum of tax on profits for the current year is determined by the enterprises, taking into consideration the current year's financial plan.

The enterprise must compute the tax on profits actually received during the prior calendar year no later than 15 March of the year following the reporting year. The computation is done on the basis of the bookkeeping report (balance).

5. In quarterly accounting, tax payments are due within a five-day period from the day set for presentation of the bookkeeping reports (balances), and in annual accounting—within a 10-day period from the day set for presentation of the annual bookkeeping report (balance).

The payer must submit payment authorization to the banking institution for transfer of profit tax to the budget prior to the payment due date.

Joint enterprises created on Tajik SSR territory with the participation of Soviet legal persons and foreign legal

persons and citizens pay the profit tax on a noncash basis in rubles or in foreign currency purchased by USSR banks in the specified order.

6. Overpayments on taxes are credited to subsequent payments or refunded to the payer within five days from the day of receipt of his written request for refund.

7. Taxpayers must submit bookkeeping reports and balances to their local tax agencies in the order and times established by USSR and Tajik SSR legislation, and must compute their sum of profit tax on the forms approved by the USSR Ministry of Finance. Joint enterprises created on Tajik SSR territory with the participation of Soviet legal persons and foreign legal persons and citizens must submit their annual bookkeeping reports and balances by 15 March of the year following the reporting year.

#### **Chapter II. Tax on Profits of Foreign Legal Persons Received From Activity on Tajik SSR Territory**

##### **Article 9. Taxpayers**

Payers of tax on profits received by foreign legal persons are companies and associations, as well as any other organizations acknowledged to be legal persons under the legislation of the country in which they are permanently located, and which perform economic activity on Tajik SSR territory, or in the economic zone of the Tajik SSR through a permanent representation. For purposes of taxation, permanent representation of a foreign legal person in the Tajik SSR is understood to be a bureau, agency office, or any other place of activity (associated with the mining of natural resources, performance of work specified by contracts for construction, installation, assembly, adjustment or servicing of equipment and other similar operations), as well as any organization or citizen who represents a foreign legal person on the territory of the Tajik SSR.

For purposes of taxation, the income of private companies is viewed as the income of the owners of these companies, and is subject to taxation in accordance with the USSR Law: "On the Income Tax From USSR Citizens, Foreign Citizens, and Persons Without Citizenship."

A foreign legal person conducts his activity in the Tajik SSR through a permanent representation under the condition that he is registered with the tax agency at the place where the permanent representation is located.

Failure to register by a foreign legal person conducting activity in the Tajik SSR through a permanent representation is viewed as concealment of taxable income.

Registration of beginning or termination of activity by a foreign legal person in the Tajik SSR must be performed within a month after the beginning or cessation of this activity.

##### **Article 10. Object of taxation**

The object of taxation is the profit obtained by a foreign legal person conducting activity through a permanent representation on the territory of the Tajik SSR and in the economic zone of the Tajik SSR.

The specifics of computing the profit and the complement of expenditures considered in computation [of this profit] are defined in the order established by the USSR Cabinet of Ministers and Tajik SSR Cabinet of Ministers.

If the direct determination of profit received by a foreign legal person in connection with his activity in the Tajik SSR is impossible, then by agreement with the republic tax agency the profit may be determined on the basis of the income or incurred expenditures, based on a 15 percent standard profit rate.

Foreign legal persons who receive payment in the form of products or property as compensation for their activity performed in the Tajik SSR through a permanent representation must pay a profit tax whose amount is determined by the contract prices, prices of primary Soviet organizations-exporters, or prices computed on the basis of world prices for the same or analogous products or property.

##### **Article 11. Tax rates and budget entries**

The profits of a foreign legal person received from conducting activity in the Tajik SSR are subject to taxation at a rate of 30 percent.

The sum of the tax is distributed between the union budget, the Tajik SSR budget, and the local budgets in the order specified by section 2, Article 5 of the present Law.

The sum of profit tax entered into the Tajik SSR state budget and the local budgets, the payments for labor resources, as well as the payments for natural resources (with the exception of sums relegated to production cost of the products (work, services)) should not exceed the maximum profit deduction computed at the rate specified in this article.

##### **Article 12. Tax benefits**

Foreign legal persons conducting activity in the Tajik SSR receive tax benefits granted to joint enterprises created on Tajik SSR territory with participation of Soviet legal persons and foreign legal persons and citizens, for the portion of their profits used for implementation of environmental protection measures on USSR territory and for charitable causes. In individual cases, the Tajik SSR Cabinet of Ministers may grant them benefits for a period of up to 3 years on the portion of profit taxes going to the republic and local budgets.

**Article 13. Order of computing and schedules for paying taxes**

1. The sum of the tax is determined based on the amount of the taxable profit with consideration for the allowed benefits in accordance with Article 12 of the present Law and with the tax rate.

The profit tax for foreign legal persons is computed annually by the tax agency where the permanent representation is located.

2. No later than 15 April of the year following the reporting year, the foreign legal person conducting activity in the Tajik SSR must submit to the tax agency a report on his activity in the Tajik SSR, as well as a declaration of income on the form approved by the USSR Ministry of Finance or the Tajik SSR Ministry of Finance. Upon termination of activity prior to the end of the calendar year, the indicated documents must be submitted within a month from the day of termination.

The declaration on income of a foreign legal person conducting activity in the Tajik SSR is subject to annual review of payment by the Soviet cost accounting auditing organization.

3. A payment notice is issued to the payer for the sum of the computed tax on a form approved by the USSR Ministry of Finance or the Tajik SSR Ministry of Finance.

The tax is paid in accordance with the deadlines indicated on the payment notice, on a noncash basis in rubles or in foreign currency purchased by USSR banks in the established order.

**Chapter III. Turnover Tax****Article 14. Taxpayers**

Payers of turnover tax are enterprises, associations and organizations (including production cooperatives, as well as joint enterprises with participation of Soviet legal persons and foreign legal persons and citizens and their branches) producing and selling goods (products) subject to turnover tax.

**Article 15. Tax rates and budget entries**

Tax rates on turnover are established in percent of the taxable turnover or in fixed sums based on the unit of goods (products).

For goods (products) for which retail (wholesale industrial prices) and wholesale enterprise prices are established, the tax is computed as the difference between these prices, with consideration for the trade and wholesale discounts (transport expenditures).

The conditions of application and the turnover tax rates are established in the order determined by the USSR Cabinet of Ministers or the Tajik SSR Cabinet of Ministers.

The sums of the turnover tax are entered into the union budget, the Tajik SSR republic budget, or the local budgets according to the standards approved by the USSR Supreme Soviet and the Tajik SSR Supreme Soviet respectively during their ratification of the budget for the corresponding year.

**Article 16. Tax benefits**

1. The following are excused from payment of turnover tax:

a) for two years from the day of their operational introduction—enterprises manufacturing goods from local raw materials and by-products (except for vodka, wine-vodka products, beer, tobacco, tobacco products, plastics, and perfume-cosmetics products containing alcohol), under the condition that the cost of the full-value materials and raw goods used for the production of these goods does not exceed 25 percent of the overall cost of the raw goods and materials;

—folk art and craft enterprises which sell artistic products manufactured by them;

b) enterprises of societies for the blind and training-production enterprises for the blind, if the portion of persons with limited work capacity comprises no less than 50 percent of the overall number of workers at these enterprises;

—enterprises and cooperatives in which the number of servicemen who served abroad comprises no less than 50 percent of the overall number of workers, for goods and products produced in accordance with the sphere of their activity;

c) consumer cooperative enterprises for the sale of goods (except for grape, fruit-berry wines, hard liquid and beer) located in mountain and remote rayons—in the amount of up to 50 percent, and for those located in cities of rayon subordination, city-type settlements, and rural areas—in the amount of 25 percent of the sum of turnover tax;

d) kolkhozes, sovkhozes and other agricultural enterprises for the sale of products manufactured from local raw materials and locally produced raw materials, except for goods made of plastics, treated fur hides, fur and jewelry products, as well as wine-vodka products manufactured with the application of alcohol.

e) enterprises and economic organizations of the Soviet Children's Fund imeni V. I. Lenin, the Soviet Peace Fund, the Soviet Culture Fund, the Soviet Charity and Health Fund, the Union of Red Cross and Red Crescent societies, the all-union "Rehabilitation of Invalids" association [are excused from paying turnover tax] on goods and products produced in accordance with the description of their activity;

f) enterprises and economic organizations of artists' unions, within the limits of the turnover tax sums directed by these unions for the implementation of their charter activity;

g) cooperatives (cooperative associations) of veterans of war, labor, and the USSR Armed Forces under councils of veterans of war and labor employing no less than 70 percent persons who have reached retirement age (pensioners), and producing goods from local raw materials and by-products;

h) student enterprises and student cooperatives for the sale of the goods they manufacture.

2. Enterprises manufacturing consumer goods have the right to retain at their disposal up to 30 percent of the turnover tax obtained from the growth of their production as compared with the preceding period in the order established by the USSR Cabinet of Ministers.

3. If the savings funds are insufficient to pay off bank credits issued for the purpose of increasing production, improving quality and expanding consumer goods assortment, enterprises may direct up to 50 percent of the turnover tax sums obtained from the sale of additionally produced goods obtained as a result of the implementation of the credited measures to pay off the said credits.

4. Additional turnover tax benefits for individual payers, regulations and schedules of payment are established in the order determined by the USSR Cabinet of Ministers or the Tajik SSR Cabinet of Ministers.

#### Chapter IV. Import and Export Tax

##### Article 17. Taxpayers

Tax on export and import is paid by all organizations listed in Article 1 of the present Law who engage in foreign trade operations.

##### Article 18. Order of tax computation

The tax on export and import represents a form of transfer to state income the net income formed as a result of differences in the levels of foreign trade (recomputed to Soviet rubles at the USSR Gosbank exchange rate) and Tajik SSR domestic prices on various types of goods brought into or taken out of Tajik SSR territory.

The tax on export and import is computed in Soviet rubles:

a) at rates in percentages of the foreign trade (contract) value of the goods (recomputed to Soviet rubles at the USSR Gosbank exchange rate) declared by the owner (manager) of the goods subject to taxation in the customs declaration which is filed upon crossing the USSR border.

b) in the form of the difference between the foreign trade prices (recomputed to Soviet rubles at the USSR Gosbank exchange rate) and Tajik SSR domestic prices on

individual types of exported or imported goods of all-state purpose, after deduction of the overhead expenditures associated with implementation of the foreign trade deal.

The list of such goods, the complement of overhead expenditures, rates, order and schedules of payment of export and import taxes, as well as the tax benefits, are determined in the order established by the USSR Cabinet of Ministers or the Tajik SSR Cabinet of Ministers.

##### Article 19. Order of entering tax

The sums of the export and import tax are entered into the union budget.

##### Article 20. Tax on commercial trade and border trade

1. The sum of revenues obtained from the sale of import goods or comparable quality domestic goods at commercial or other inflated prices, except for the profit needed by the trade organizations to cover their expenditures, is entered into the republic budget in the order and times established by effective legislation.

2. The tax on border trade is entered into the republic budget in the order and times established by effective legislation.

#### Chapter V. Tax on Kolkhoz Workers' Labor Wage Fund

##### Article 21. Taxpayers

The payers of the tax on the labor wage fund of kolkhoz workers are the kolkhozes, including fishing kolkhozes.

##### Article 22. Object of taxation

The object of taxation is the labor wage fund of kolkhoz workers in the portion exceeding its nontaxable amount, computed on a basis of 100 rubles a month per kolkhoz worker employed at the farm.

In computing the taxable portion of the kolkhoz labor wage fund, all the sums subject to payment to kolkhoz workers are taken into consideration, including bonus payments, all types of premiums and incentives, as well as payment in kind.

Products issued as payment for labor are evaluated at their production cost.

##### Article 23. Tax rates and budget entries

The tax on the taxable portion of the kolkhoz labor wage fund is paid by all kolkhozes at a rate of 8 percent.

The tax sums are entered into the local budgets.

##### Article 24. Order and schedules for tax payment

Kolkhozes must pay the tax within a 10-day period from the day the bookkeeping report (balance) for the quarter is due, and within a 15-day period from the due date of the annual bookkeeping report (balance).

**Chapter VI. Tax Regulating the Expenditure of Consumption Funds****Article 25. Taxpayers**

The payers of the tax are enterprises, associations and organizations, except for kolkhozes, foreign legal persons, international non-governmental organizations (associations), international associations conducting economic activity, joint enterprises created on Tajik SSR territory with participation of Soviet legal and foreign legal persons and citizens, if the foreign participant's share in the charter fund exceeds 30 percent.

**Article 26. Object of taxation**

The object of taxation is the sum which exceeds the funds directed for consumption, as compared with the non-taxable amount of these funds.

**Article 27. Complement of consumption funds**

The complement of funds directed for consumption includes:

- a) the sum of expenditures for payment of labor of all enterprise personnel;
- b) monetary payments, including rewards for results of work for the year, funds directed to other types of labor incentives in monetary or natural (payment in kind) forms, material aid, labor and official benefits, and other payments bearing an individual character, except for payment of author's honorarium and awards for inventions, discoveries and innovative proposals;
- c) income (dividends, interest) paid on the labor collective's stocks and investments by labor collective members into enterprise property.

**Article 28. Nontaxable amount of consumption funds**

The nontaxable amount of consumption funds is determined by multiplying the amount of the cost accounting income for the current period, computed in accordance with Article 29 of the present Law, by the portion of these funds in the cost accounting income for the corresponding period of the preceding year. The obtained value is corrected by a coefficient ensuring the leading growth of the cost accounting income as compared with the growth in consumption funds. The value of this coefficient is set at a level of 0.98. If necessary, this coefficient may be changed depending on the specifics of production in individual sectors by decision of the USSR Cabinet of Ministers and the Tajik SSR Cabinet of Ministers.

In determining the portion of funds directed for consumption, in the cost accounting income for the corresponding period of the preceding year the value of these funds is reduced by the value of the surplus allowed for this period as compared with their non-taxable amount.

Enterprises which by their annual totals have exceeded the non-taxable amounts of their consumption funds and

have paid a tax must reimburse the indicated sums (including the tax) from the following year's consumption funds.

The sum of savings of consumption funds, as compared with the non-taxable amount of these funds, may be credited to the reserve fund and used by the enterprise for consumption in the following period without being subject to a regulating tax. In this case, the indicated savings are considered in determining the portion of funds directed for consumption in the current period.

**Article 29. Cost accounting income used for regulating consumption funds**

Cost accounting income of enterprises used for regulating consumption funds is computed as the sum of expenditures for labor payment as part of the production cost of the realized products (work, services) and the profits remaining at the disposal of the enterprise.

Cost accounting income is determined in prices and conditions which are comparable with the preceding year. If the change in structure of production associated with fulfillment of work and deliveries for state needs leads to a reduction in the indicated income, its amount is increased accordingly.

**Article 30. Tax rates and budget entries**

The tax rates are determined by the USSR Supreme Soviet and the Tajik SSR Supreme Soviet during ratification of the budget for the upcoming year.

The tax is entered quarterly into the appropriate budget in the order provided by section 2, Article 5 of the present Law.

**Article 31. Tax benefits**

The following are non-taxable:

- a) growth in consumption funds from newly introduced enterprises (facilities) for the duration of the standard period of assimilation of project technical-economic indicators and for the first year of operation thereafter;
- b) growth in consumption funds due to the implementation of centralized measures for improving the living standard of the people, including introduction of new labor wage conditions and elimination of consequences of extraordinary situations;
- c) labor wage funds at enterprises utilizing the labor of invalids and persons with limited work capacity, if the number of such persons exceeds 50 percent of the overall number of people employed at the enterprise;
- d) payments for giving aid to families of persons killed in industrial accidents, monetary compensations over the amounts of established pensions and payments to persons who have been injured or contracted work-related illnesses.

The USSR Cabinet of Ministers and Tajik SSR Cabinet of Ministers may, within the limits of tax sums credited to the appropriate budgets, establish additional tax benefits depending on the volumes of consumer goods deliveries by the enterprises and the provision of paid consumer services, as well as in connection with a change in the mining- geological, hydrological and other conditions of enterprise activity in individual sectors of the national economy.

### Chapter VII. Income taxes

#### Article 32. Taxation of income received by enterprises, associations and organizations from their stocks, bonds, and other securities, as well as from share participation in joint enterprises

1. The income received by enterprises, associations and organizations, with the exception of those specified in Article 32 of the present Law, from their stocks and other securities, as well as the income of a Soviet participant obtained from share participation in joint enterprises, is subject to taxation at a rate of 15 percent.

2. The income of foreign participants formed as a result of redistribution of the profit of joint enterprises is subject to taxation at a rate of 15 percent upon its transfer abroad, unless otherwise specified by USSR and Tajik SSR international agreements on tax questions.

Upon transfer of income abroad, the sum of the tax is paid in the transfer currency.

3. Taxes indicated in sections 1 and 2 of this article are collected at the source. The enterprise paying the revenue, as well as the foreign participant in a joint enterprise, are responsible for withholding and transferring the taxes to the budget.

The tax sums are entered into the union budget, the republic budget and the local budgets in the order specified by section 2, Article 5 of the present Law.

4. Dividends received from state bonds and other state securities are non-taxable.

5. A foreign participant in a joint enterprise created on Tajik SSR territory with the participation of Soviet legal persons and foreign legal persons and citizens who, according to USSR international agreement has the right to be fully or partially excused from taxation on the income due him in the order of profits distribution, must file a petition for reduction or repeal of taxes in the order established by the USSR Ministry of Finance. If the petition is filed after transfer of the income abroad, it must be submitted within a year from the day of transfer. Petitions submitted after a year are not accepted for review.

6. Income obtained on Tajik SSR territory and in the Tajik SSR economic zone is subject to taxation in the order specified by the present article.

#### Article 33. Income tax of foreign legal persons not associated with activity in the Tajik SSR

1. Foreign legal persons who receive income and are not associated with activity in the Tajik SSR pay taxes on income from the dividends, interest, patents and licenses, freightage, lease payments and other income whose sources originate in the Tajik SSR and which are not associated with the implementation of activity in the Tajik SSR through a permanent representation. The rates of these taxes are established in section 2 of the present article, unless otherwise specified by USSR international agreements on tax questions.

2. The tax rate on the indicated income, except for income from freightage, is set in the amount of 20 percent.

The sum of income from freightage paid to foreign legal persons in connection with the implementation of international shipments, is taxed at a rate of 6 percent.

3. A foreign legal person who, according to USSR and Tajik SSR international agreements, has the right to full or partial repeal of taxes on income originating in the Tajik SSR must file a petition on reduction or repeal of the tax in the order established by the USSR Ministry of Finance. If the petition is filed after the income has been transferred abroad, it must be submitted within a year from the day of transfer. Petitions filed after a year are not accepted for review.

4. The tax on income of foreign legal persons obtained from sources in the Tajik SSR is withheld by the enterprise or organization paying the income to the foreign legal person, in transfer currency from the full sum of the income with each payment transfer, and credited in equal portions to the union and republic budgets.

#### Article 34. Income tax on casinos, video parlors (video screenings), operation of game machines, and implementation of mass concert-spectator measures

1. The income received from casinos, video parlors (video screenings), or operation of game machines with monetary winnings, as well as the implementation of mass concert-spectator measures in open fields, stadiums, sports facilities or other facilities with capacity of over 2,000 persons is subject to taxation at a rate of 70 percent.

For tax purposes, the material expenditures associated with obtaining this income are deducted from the obtained revenues.

2. The sum of the tax is distributed between the union budget, the republic budget, and the local budgets in the order specified in section 2, Article 5 of the present Law.

**Chapter VIII. Special Conditions****Article 35. Specifics of taxing foreign legal persons**

1. If USSR and Tajik SSR international agreements have set different regulations than those contained in the present Law, then the regulations of the international agreement are applied.

The statutes of the present Law do not affect tax privileges established by general standards of international law and special agreements concluded by the USSR and Tajik SSR with other states.

2. Collection of taxes on the income of foreign legal persons may be discontinued or limited on the basis of the principle of reciprocity in cases when the appropriate foreign state also adopts the same measures in regard to Soviet legal persons as applied to the same or analogous taxes. This must be confirmed by the tax agencies of this state.

3. In concluding commercial deals with foreign companies, the contract agreement may not include tax clauses by which the enterprise, institution or organization paying out the income would assume the responsibility of bearing the expenditures for paying the tax on profit (income) of the foreign legal persons.

**Article 36. Eliminating dual taxation**

The sum of profit or income obtained abroad is included in the total sum of profit or income subject to taxation in the Tajik SSR, and is taken into consideration in determining the amount of the tax.

The sums of taxes on profit or income obtained beyond the boundaries of USSR territory, the continental shelf, or the USSR economic zone and paid by enterprises, associations and organizations abroad in accordance with the legislation of foreign states, is credited in their payment of profit or income taxes in the Tajik SSR. Moreover, the amount of the credited sums may not exceed the sum of profit (income) tax subject to payment in the USSR and the Tajik SSR in regard to profit (income) obtained abroad.

**Chapter IX. Responsibility of Payers and Control Over Adherence To Tax Legislation****Article 37. Taxpayer responsibility**

1. The payers of taxes specified in the present law are responsible for:

a) conducting bookkeeping accounting and reporting on their financial-economic activity in the established order, and submitting to the tax agencies their bookkeeping reports and balances, tax reports and other necessary documents and information associated with the fulfillment and payment of taxes;

b) filing, and in the appropriate cases submitting documents confirming their right to tax benefits;

c) paying the sums of taxes due in a timely manner and in full amount;

d) allowing officials of tax agencies access to inspection of buildings where the activity associated with earning of profit (income) is performed, or where the objects of taxation are maintained, as well as allowing audits on questions of computation and tax payment.

2. The managers and appropriate officials of the enterprises, institutions and organizations are responsible for signing the report on the inspection performed by the tax agency, and in cases of disagreement with the facts presented in the report—for presenting written explanations of the reasons for the disagreement. They are also responsible for fulfilling the tax agency's requirements on correcting any apparent violations of tax legislation.

3. Taxpayers for whom the USSR and Tajik SSR legislation has established the responsibility of submitting bookkeeping reports and balances, tax computations and income declarations, after their verification by the Soviet cost accounting auditing organization, must submit a document confirming the fact of this verification to the tax agency within a year following the reporting year.

A payer who has not submitted the indicated documents is subject to measures specified in Article 38 of the present Law. The indicated measures are not applied if the audit is not performed within the established times through no fault of the payer.

**Article 38. Measures for payer responsibility**

1. The responsibility for correct computation and timely payment of taxes to the budget and adherence to effective tax legislation is placed upon the taxpayers and their officials.

2. Payers of taxes specified by the present Law who do not have bookkeeping reports and balances or computations of turnover tax in the specified form for the reporting period and within the established payment deadline must pay 110 percent of the sum of taxes computed for the prior reporting period. After the above-named documents are submitted, the tax is recomputed based on the actually obtained profit, the taxable turnover, the excess sum of consumption funds as compared with the non-taxable amount of these funds, and other objects of taxation.

3. If no accounting of the profit (income) is performed, or if it is performed in violation of the established order, or if reports, computations and other documents necessary for tax computation and payment are not submitted or submitted late, the taxpayer must pay a fine to the budget in the amount of 10 percent of the sum of taxes due.

4. In the case of concealment (underreporting) of profit (income) or concealment of other objects of taxation, the payer must pay the entire sum of concealed (underreported) profit (income) to the budget, or the sum of the

tax for the concealed object of taxation, as well as a fine in the same amount. In cases of repeat offense the fine is doubled. The sums of concealed (underreported) profit (income), as well as the sums of tax for concealment of some other object of taxation and the fine are entered into the budget at the expense of profit (income) remaining at the disposal of the payer.

5. Concealment of income obtained in freely convertible currency entails a recomputation of the sum of income according to a special USSR Gosbank exchange rate. The sums of the concealed (underreported) turnover tax or the sum of profit (income) or tax for some other concealed object of taxation, as well as the fine, must be paid into the budget by the taxpayer within a 10-day period from the day the tax agency officials compile the report on the identified violations.

6. For enterprises which pay taxes in accordance with the present Law, the sum of concealed (underreported) profit (income) and the fine are transferred to the income of the appropriate budget in the established order.

#### **Article 39. Order of budget recovery and refund of improperly paid taxes**

1. The sums of taxes which are not paid within the established times, as well as the sums of concealed (underreported) profits (income) and turnover tax, or the sum of tax on any other concealed object of taxation and the fine for concealment (underreporting) of profit (income) and concealment of the object of taxation, are recovered for the entire time of evasion, at the directive of the tax agencies and in indisputable order.

Tax sums which are not paid in time are recoverable for the entire time of budget indebtedness, with addition of a penalty in the amount of 0.2 percent of the underpaid sum for each overdue day (including the day of payment).

2. The sums of taxes on income of foreign legal persons specified in Articles 32 and 33 of the present Law which have not been transferred to the budget by enterprises, institutions and organizations paying out the revenues are recovered from the funds remaining at the disposal of these enterprises, institutions and organizations after budget accounting, in indisputable order and regardless of the period for which the income had been paid to the foreign recipient.

3. The sums of tax payments which are overpaid as a result of incorrect computation or violation of the established collection order may be refunded or credited against other sums owed by the payers, if a year's time has not elapsed since the day of their entry.

Filing a claim for return of overpaid taxes interrupts the course of the indicated term.

A budget refund on improperly paid taxes may be given for no more than one year prior to discovery of the incorrect payment.

#### **Article 40. Filing complaints against the actions of tax agency officials**

1. Complaints about the actions of tax agency officials performed by them in the process tax collection may be filed with the agency to which these persons are directly subordinate. The complaints are reviewed and decisions issued on them no later than 30 days from the time the complaint is filed.

Decisions on complaints may be appealed within a month's time to the superior tax agency.

2. Complaints against the actions of tax agency officials which may entail the imposition of an administrative penalty are filed in accordance with USSR and Tajik SSR legislation on administrative violations.

3. Filing complaints does not stop the collection of taxes. The agency reviewing the complaint has the right to stop collection of the sum of taxes due until the complaint is resolved.

#### **Article 41. Instructions on the application of the present Law**

The instructions on the application of the present Law are published by the Tajik SSR Ministry of Finance.

[signed] *K. Makhkamov, President, Tajik SSR, Dushanbe, 27 February 1991*

#### **Decree on Law's Implementation**

*91440715B Dushanbe KOMMUNIST  
TADZHIKISTANA in Russian 11 Apr 91 p 3*

[Text of "Tajik SSR Supreme Soviet Resolution on the Order of Implementing the Tajik SSR Law: 'On Taxes From Enterprises, Associations and Organizations'"]

[Text] The Tajik SSR Supreme Soviet **hereby resolves**:

1. To implement the Tajik SSR Law: "On taxes from enterprises, associations and organizations," effective 1 April 1991. Prior to 1 April 1991, the corresponding articles of the USSR Law "On taxes from enterprises, associations and organizations" dated 14 June 1990 remain in effect.

2. Until Tajik SSR legislation is brought into line with the present Law, the effective USSR legislative statutes are applicable so long as they do not contradict this Law.

3. The Tajik SSR Law: "On taxes from enterprises, associations and organizations" is applied by enterprises, associations and organizations in their budget accounting beginning with the results of their activity in 1991.

The statutes of the Law specified in subsection "a," section 7, Article 6, are applicable to joint enterprises created on Tajik SSR territory with the participation of

Soviet legal persons and foreign legal persons and citizens, and registered prior to the day of adoption of the Law, regardless of their sphere of activity.

4. To suspend for 1991 the effect of Chapter VI, "Tax regulating the expenditure of consumption funds" (with the exception of Article 27).

5. To excuse in 1991 from all types of taxes, collections and duties the Tajikistan Union of Writers, the Tajikistan Union of Artists, the Tajikistan Union of Theatrical Performers, the Tajikistan Union of Architects, the Tajikistan Union of Journalists, the Tajikistan Union of Composers, the Tajikistan Union of Cinematographers, the Tajikistan Society of Musicians, the Tajikistan Union of Designers, and other artist's unions and organizations, as well as enterprises, associations and organizations of the Tajik SSR which are part of the system of these unions by their status on 1 January 1991.

6. To determine that the marginal level of profitability considered in the application of profit tax rates is taken to be double the average sectorial level.

7. To determine that in 1991, for computing the taxable profits, the standardized value of labor wage expenditures is determined by the enterprises as a measure of growth of the volume of production (work, services) or other indicators of their activity.

The base values used for computing labor wage expenditures for 1991 are the expenditures for the indicated purposes in 1990, computed from the average monthly wage of workers engaged in primary activity (including members of production cooperatives) in the portion related to the production cost of the product (work, services) in accordance with section 4, Article 3 of the present Law, but no higher than 400 rubles. Factors taken into consideration in determining the average monthly wage are: overruns of the average monthly wage over the indicated limit determined by the introduction of additional payments for multishift working conditions, payments associated with rayon regulation of wages and implementation of other centralized measures for increasing wages as provided by legislation.

8. In computing the amount of nontaxable consumption funds for 1991 in accordance with Article 28 of the present Law, the base value is the sum of funds for payment of labor within the limits of the nontaxable amount for 1990, determined in accordance with the USSR Supreme Soviet resolution dated 3 August 1989, "On taxation of the labor wage fund of state enterprises (associations)" and 26 September 1989, "On measures for regulating the growth of funds directed toward wage payments by cooperatives in the sphere of production and services, leasing organizations, and enterprises of other public organizations." This base value is then increased by four percent.

9. To determine that the principles in Article 7 of the Law do not affect the taxation of foreign legal persons, joint enterprises created on Tajik SSR territory with

participation of Soviet legal persons and citizens, if the foreign participant's share in the charter fund exceeds 30 percent, international nongovernmental organizations (associations), international associations conducting economic activity and located on Tajik SSR territory, or branches of joint enterprises created on the territory of other countries with participation of Soviet enterprises, associations and organizations.

10. In 1991, advance payments to the budget for enterprises (except for joint enterprises created on Tajik SSR territory with participation of Soviet legal persons, foreign legal persons and citizens, which make advance payments on the basis of their financial plan) are determined in the amount of the actual sum of deductions to the budget from the accounting profits (income), the payments for productive capital and payments for labor resources for the corresponding period of 1990.

11. The Tajik SSR Cabinet of Ministers:

—must submit proposals to the Tajik SSR Supreme Soviet on bringing the Tajik SSR legislative statutes into line with the Tajik SSR Law: "On taxes from enterprises, associations and organizations";

—bring the resolutions of the Tajik SSR government into line with the Tajik SSR Law: "On taxes from enterprises, associations and organizations";

—adopt the necessary resolutions ensuring the realization of the said Law;

—provide for the review and repeal by ministries, state committees and Tajik SSR departments of their standard statutes, including instructions, if they contradict the law.

12. The Soviet of People's Deputies of the Gorno-Badakhshan Autonomous Oblast, the oblast, rayon, and city (rayons and cities of republic subordination) Soviets of People's Deputies must, in accordance with subsection "k", section 1, Article 5 of the Law, establish the 1991 tax rates for enterprises engaged in consumer services and municipal services, and other enterprises related to communal ownership which are part of the local economy.

13. To recommend that the local Soviets of People's Deputies ratify the standard expenditures for maintaining public health facilities, preschool institutions, Young Pioneer camps, and other facilities which are on the enterprise balance sheets, as listed in subsection "d", section 1, Article 6 of the present Law.

[signed] *K. Aslonov, Chairman, Tajik SSR Supreme Soviet, Dushanbe, 27 February 1991*

**Commentary**

914A0715C Dushanbe KOMMUNIST  
TADZHIKISTANA in Russian 11 Apr 91 p 3

[Comments by R. M. Makhkamov, chairman of the Tajik SSR Supreme Soviet Plan and Budget Committee]

[Text] The Tajik SSR law: "On taxes from enterprises, associations and organizations" was adopted by the Tajik SSR Supreme Soviet on 27 February 1991 and became effective on 1 April 1991. As we can see, over a month has passed since its adoption. In this time, and specifically on 22 March 1991, the USSR Presidential Directive [Ukase], "On introduction of temporary order of collecting taxes from enterprises, associations, organizations and citizens," was published.

We must emphasize that in accordance with Article 127 [5] of the USSR Constitution and Article 76 of the Tajik SSR Constitution, the USSR Presidential Directive is effective and mandatory for fulfillment on the republic's territory, and this means that it must serve as the guideline for all taxpayers and local finance and tax agencies.

Henceforth, until individual statutes of the Tajik SSR Law: "On taxes from enterprises, associations and organizations" are brought into line with the requirements of the USSR Presidential Directive dated 22 March 1991, they are applicable as follows by force of this presidential directive:

1. Section 1, Article 4:

Profit, within the levels of profitability determined by individual sectors in the order established by the USSR and Tajik SSR Supreme Soviets, is taxed at a rate of 35 percent. Of this, the tax on profit at a rate of 17 percent is entered into the union budget, and at a rate of 18 percent is distributed between the republic budget and the local budgets in amounts determined by the Tajik SSR Supreme Soviet upon ratification of the budget for the upcoming year.

The sum of the profit tax entered into the budgets, the payments for labor resources, as well as the payments for natural resources (with exception of the sum of payments related to the production cost of the products (work, services) in accordance with section 2, Article 3), must

not exceed 35 percent of the taxable profit within the marginal level of profitability;

2. Section 1 of Article 5, subsection "f":

—for production cooperatives (with the exception of agricultural), their unions and associations—35 percent;

3. Section 1, Article 6, subsection "c":

—a sum in the amount of 30 percent of the expenditures associated with implementation of environmental protection measures; and for enterprises for which a standard profit tax rate of 35 percent has been ratified—for the construction of housing and social-cultural-domestic facilities realized at the expense of profits remaining at the disposal of the enterprises;

4. Article 22:

—the object of taxation is the labor wage fund of kolkhoz workers in the portion exceeding its non-taxable volume, computed on the basis of 160 rubles a month per individual kolkhoz worker.

5. In accordance with the requirements of the USSR Presidential Directive dated 22 March 1991, section 7 of the Tajik SSR Supreme Soviet resolution dated 27 February 1991 must also be applied. and specifically:

—to establish that in 1991 during computation of the taxable profits, the standard amount of expenditures for labor payment is determined by the enterprises as a measure of growth in volume of production (work, services) or other indicators of their activity.

The base values taken for computing expenditures for labor payment for 1991 are the expenditures for the indicated purposes in 1990, computed on the basis of the formulated average monthly wage of workers engaged in primary activity (including members of production cooperatives), in the portion related to production cost of products (work, services) in accordance with section 4, Article 3 of the Law, but no higher than 480 rubles.

Instances of exceeding the average monthly wage over the indicated limit due to the introduction of supplemental payments for multi-shift work regimen, payments associated with rayon regulation of wages, and implementation of other centralized measures for increasing the labor wage provided by the legislation are taken into consideration in determining the average monthly wage.

## AGRO-ECONOMICS, POLICY, ORGANIZATION

### Press Conference Discusses Aid From West

#### Food Imports From Abroad Cited

914B0146A Moscow SELSKAYA ZHIZN in Russian  
11 Jan 91 p 2

[Article by V. Raskin: "We Have a Harvest! And What About Food?"]

[Text] Before the beginning of the press conference in Oktyabrskaya Hotel our colleagues from other central newspapers, knowing the topic of the scheduled press conference with Ye. S. Stroyev, Politburo member and secretary of the CPSU Central Committee, said with a certain amount of humor: "It is as if the meeting were ordered by SELSKAYA ZHIZN." However, it turned out to be difficult to make one's way to the microphone to ask the prepared questions that were of interest to our readers. This can be explained first and foremost by the urgency of the press conference, the subject of which was, "Our daily bread."

In his introductory speech, the CPSU Central Committee secretary provided a complete picture of the food problem in our country. During meetings in labor collectives, when the conversation turns to the difficult situation involving food, said Yegor Semenovich, the following questions are usually asked: "How difficult is it? Is there a solution? What is being done in this direction by the government, by economic organs and by the party's central committee?" This was the topic that was discussed with the journalists.

Before quoting figures related to the country's food situation as noted at the press conference, let us say that they are not new. At the fourth session of the USSR Supreme Soviet the country's president had already mentioned how much grain was harvested—23 million tons more than in 1989. The situation is somewhat worse as regards vegetables, potatoes, sugar beets and fruit. Now journalists learned that last year as a whole products worth 225 billion rubles were produced. The largest harvest in the history of our country was collected—237-240 million tons. The country needs 50-55 million tons to supply the country with grain products for food, and 90-100 million tons of grain for livestock raising. An analysis of all the aforementioned figures seems to show that the country has the grain. With this kind of harvest, why did such great difficulties arise regarding food products? Is this not paradoxical?

It is possible that the information that was moving through our country in August and September provided a reason for this. After all, at that time there was talk about cultivating a record grain harvest: it was planned to harvest 300 million tons. As journalists wrote, "There is a chance for abundance." But just a month or two

passed, and the country was forced to face the reality of empty shelves and endless, unredeemable coupons. Why?

This is the situation that Ye. S. Stroyev tried to analyze thoroughly. If we look at the results of the last five-year plan in general, he noted, we must conclude that this was probably the most successful five-year plan in the post-war development of the country's agricultural complex, both in terms of pace as well as of production volume. But we cannot fail to see that in some directions during the last two years the pace has begun to slacken—from five and four percent to one and two. In some places negative indicators have begun to appear. Naturally, all of this has affected the urgency of the food supply problem. What is the solution? A food supply program for 1991 was developed. In the near future we expect a presidential decree which will greatly elucidate the country's food situation. Measures that are being taken to reorganize the administrative structure of the agricultural sector should be allowed to take effect.

An important role must be played by the conclusion of agreements among all republics and the center concerning the delivery into the union-republic fund of all types of foods, including meat, milk and grain. Measures are being taken to preserve the volume of food supplies on the level of past years. A certain share of food will be acquired through imports.

Press conference participants asked the CPSU Central Committee secretary to discuss in greater detail the problems of humanitarian aid from abroad and of procuring food by import. It turned out that imports will cost several billion dollars. Fourteen thousand tons of meat and 12 million tons of milk will be acquired. However, it is planned to acquire less grain than last year. The emphasis will be put on a more rational redistribution of locally-produced grain. We must expand horizontal inter-farm ties to a greater extent. For example, one of the oblasts in Kazakhstan, which has completely fulfilled the state order for grain, now sells it to Siberian oblasts, and at the same time receives timber from there according to direct contractual agreements. Such economic ties are mutually advantageous.

At the press conference other examples of developing horizontal ties were noted. Initiative in this direction is being demonstrated by the Baltic republics, where the livestock base is fairly stable. The Baltic republics are interested in grain, which Kazakhstan or the southern Ukraine can supply.

Foreign correspondents, with the "meticulousness" that characterizes them, or with a desire to "find things out," asked whether and how much humanitarian aid from other countries was needed and whether the Soviet Union could do without it? Yegor Semenovich quoted figures which quite clearly showed a picture of the aid that was being given. On 8 January of this year 229,400 tons of products arrived from abroad. Of this, 16,400

tons were food products. Undoubtedly, this is an important humanitarian act by foreign countries and peoples. First and foremost it is a moral act. But since journalists were interested in facts, the following figure was also cited: in one day Moscow consumes 23,000 tons of food. No amount of aid from abroad will help us to solve our problems. We must increase the volume of our own agricultural production and eliminate the reasons for losses of products during procurement and storage.

Having reached the microphone, we asked about a question that does not leave the pages of our newspaper. I am speaking about private ownership of land. We asked the CPSU Central Committee secretary to express his views on this subject. Will not the coming referendum on private land ownership provide a solution that favors city residents, since there are naturally more of them?

In answering the question, Yegor Semenovich first of all emphasized that the land question is central to the implementation of economic reform within agriculture. To distribute, to sell, to give away gratis... Today the discussion of these issues is extensive. The problem has been exacerbated by the fact that without waiting for the referendum, the Russian parliament resolved to distribute land as private property with the right of purchase and sales after a certain period of time. Subsequently, a legal and constitutional question arose.

"How would I respond to the question that was asked?" said Ye. S. Stroyev. "As for city residents who may vote for private property, let us be realistic. City dwellers want land not for agricultural production but for a garden, for a dacha, for a plot of land to grow vegetables and fruit. The peasant also needs the private plot. Here the term 'private property' is not so fearsome. It is a 'de facto' term—the land has been private for a long time. As for agricultural production in general, not only peasants but city workers as well will understand that today it is not a simple matter to deal with the question of property. Why?"

To illustrate his point he used Uzbekistan as an example. Is it possible to divide the land here? After all, each resident would receive just a drop of soil, symbolically speaking. The birth rate is high. A new generation will grow up; from where will it receive land? As for central Russia, there is enough land here for any form of distribution. Today there is enough land. What will happen tomorrow is another question. This is why the referendum's goal is to learn the opinion of the population in every republic separately and to make decisions with a consideration of this.

#### Timoshishin Fields Questions

914B0146B Moscow SELSKAYA ZHIZN in Russian  
15 Jan 91 p 2

[Interview with Mikhail Lukich Timoshishin, First Deputy Chairman of the State Committee on Food and

Procurement, USSR Council of Ministers, by R. Vadimov: "Humanitarian Aid: How Much and From Where?"]

[Text] In our newspaper of 11 January we published an article entitled, "We Have a Harvest! And What About Food?", which in part discussed humanitarian aid coming into the Soviet Union from abroad. V. Sirenko, a reader from the Moscow region, called the editors and asked for specifics on the volume of such aid because different information sources had quoted different figures.

We asked Mikhail Lukich Timoshishin, First Deputy Chairman of the State Committee on Food and Procurement of the USSR Council of Ministers, to respond to this question. Here is what he said:

[Timoshishin] Today we have here experts from an EEC Commission, together with whom we are determining delivery conditions for humanitarian aid. The group will provide a total of 250 million ecu's [European currency units]. We are participating in the distribution of "Berlin Aid" from Germany, which is providing 250,000 tons, including 66,000 tons of flour, powdered milk, vegetable oil, canned goods and individual dinners.

[Vadimov] Mikhail Lukich, television has noted that some of the items will be sold. Is this true?

[Timoshishin] Yes, this is true. Why? First of all, shipment of food through the country requires great expenditures. Secondly, some people with little property prefer the equivalent in money rather than the packets.

The reader's question was answered by the work group to organize the use of foreign humanitarian aid. It was reported to us that as of 11 January 32,253 tons were delivered to the country, including 18,400 tons of food products.

Let us note that in the article on 11 January there was an error: according to data as of 8 January the figure for humanitarian aid that had arrived is not 229,400 tons but 29,400 tons, and of this amount 16,400 tons was food.

In other words, the West's humanitarian aid will not solve the country's food problem. But we offer a sincere thanks to our foreign friends for their help.

#### Follow-Up: 'Not Convinced'

914B0146C Moscow SELSKAYA ZHIZN in Russian  
27 Apr 91 p 1

[Letter to the editor by A. Kapitanov, city of Tuymazy, Bashkir SSR: "Humanitarian Aid: How Much and From Where?"]

[Text] The answer of the high-ranking official did not leave me indifferent. Comrade Timoshishin, who is not suffering from hunger, thinks about the need to sell a portion of the humanitarian aid packets. I would be

interested to know who these indigent people are who prefer rubles, for which it is not always possible to buy even bread now in Tuymazy, to the packets. That is the first thing. Secondly, isn't it blasphemy to transform humanitarian aid, which people give from the heart, into an object for buying and selling? And how will the foreigners themselves react to this kind of maneuver? Will they want to help us in the future?

## REGIONAL DEVELOPMENT

### Farmstead Progress in Estonia Discussed

#### Complications Remain, Leasing Favored

914B0149A Moscow SELSKAYA ZHIZN in Russian  
7 Feb 91 p 2

[Article by V. Kuznetsov, Tallinn: "Farmsteaders or Dacha Residents?"]

[Text] "The one who does not go to the farmstead is letting good luck slip by." I remembered these lines because the person who has come out in opposition to the farmsteads is...a farmsteader. He is not a beginning farmsteader, but a farmsteader by inheritance, one who knows the situation well because he has been both an agronomist and a senior economist in the kolkhoz. At a meeting of representatives of Raplaskiy District's Teepuze Kolkhoz, after a proposal was made without special consideration to allocate land to the regular twelve new farmers, Vello Lukharu stated, "Think about what you are doing, farmers. We cannot squander the land!"

This was something to think about. The majority of those who wish to receive land allocations have their own houses in the settlements of Sipa and Myaryamaa, and on the territory of the kolkhoz they wish to have a plot of 2-3 hectares. These are not farmers who will produce products, but common dacha residents. This means that they should receive land from dacha cooperatives.

Recently in Estonia a previously unseen category of "hidden" farmers has appeared. They continue to work in the kolkhoz, but have time to raise many head of livestock and to maintain them on kolkhoz feed without contributing a kopeck to the communal account. A group of "potential farmers" has also developed. All of them are still in administrative jobs but are using their time wisely to stockpile building materials at the expense of the kolkhoz and to acquire plows, sowers, tractors and combines which were officially written off, but which are in operating order. At the meeting examples were cited. An almost-new T-25 tractor was sold for 125 rubles and a Moskvich automobile that was removed from the capital repairs list—for 400 rubles. These "farmers" are just waiting for the passage of the land law in order to come out of the underground and to do things in a big way.

The kolkhoz farmers of the Teznum cut off labor contracts with one such farm candidate at the same meeting. He directed the kolkhoz cattle farm and at the same time leased the smoking shop in the enterprise. The shop was supplied with products from the hog-raising farm, where the director was...the wife of the leaseholder. The enterprising family had organized things in such a way that income from capital production went completely into the pockets of the farm director.

In Estonia many examples of operators with dirty hands have been discovered during the privatization process. They can be found in any region. From time to time they are mentioned in the press, and they are discussed with alarm at sessions of the republic's Supreme Soviet by many far-sighted parliamentarians. There are even categorical cries for prohibition. Those who are seriously thinking about the future of agriculture and the pilfering of kolkhozes and sovkhozes are suggesting economic measures. In that same Raplaskiy District in Valtu Kolkhoz a system of dues assessment of the contribution of every artel member to the public enterprise was introduced. In Vao Kolkhoz of Virumaaskiy District a system of small enterprises was developed. In Nymmkyula Kolkhoz of Lyaenemaaskiy District several peasants' cooperatives have been developed.

Recently in the republic the experience of Vyaymela Sovkhoz of Virumaaskiy District has become widely disseminated. Here three large leasing cooperatives have been created, each of which has 900 hectares of land, a large number of livestock, livestock raising facilities and all needed equipment. The enterprise has taken upon itself the role of a type of bank which will become the guarantor for leaseholders, will give them advantageous credit and will help them to implement large purchases and acquisitions. In time the leaseholders will be able to buy the means of production from the sovkhoz. This creates a firm hindrance to those operators who are counting on enriching themselves during the troubled times of the transition to the market.

#### Too Few 'Good Examples'

914B0149B Moscow PRAVITELSTVENNYY VESTNIK in Russian No 11, Mar 91 p 5

[Article by L. Rannamets: "The Farmstead—An Address of Abundance?"]

[Text] Over 3,100 owners of farmsteads have received state decrees regarding the use of land in Estonia without a time limit. Waiting their turn are a new thousand peasant families who have expressed their desire to reestablish a family farmstead or to take some land and become an owner. All of this is fine. But everyone understands that peasant farmsteads cannot start up without the help of kolkhozes and without mutually-advantageous cooperation with them. This is why with all of the propaganda attacks on collective economic power no decision has been made to soon disband

collectives. The forced patience evidently is even more irritating to impatient reformers.

The most difficult problem for those who have decided to manage a farmstead is the start-up capital. A fair amount of money is needed to create a modern dairy farm of 25-40 milking cows, to acquire the needed machinery and to build the buildings and storehouses. Specialists are talking about 200,000-300,000 rubles. Peasants do not have this kind of money and the Khutorskiy [Farmstead] Bank is in no condition to provide such credit. This is why many begin with 2-3 cows. But there also exist strong managers.

Sovkhoz worker Yaak Pilk of Vilyandimaaskiy District, for example, decided to take the risk. He has two grown sons. The farmstead built by his grandfather had been preserved. The district council allocated 125 hectares of land to him, including 50 hectares of arable land, haylands and forest land. A year ago he was successful in receiving 80,000 rubles in loans from the bank and quickly organized his own commercial dairy farm. Yaak's sons learned a great deal on Finnish farms. Recently a milk conduit and a milk refrigerator for 1,200 liters were installed on his farm as a gift from Swedish peasants. Labor-intensive processes are mechanized.

An adequate amount of feed is essential for maintaining livestock. For this reason, "grain" farmsteads will also be needed. They are already appearing. The owner of the Uus-Auvere farmstead in Virumaaskiy District, Aldo Tamm, decided to reestablish his family farmstead as supplier of forage for the market. He feels that grain production is more promising since machine system support is better than in livestock raising. With the constant shortage of mixed feed the sale of grain for livestock-raising enterprises promises success.

Last year the owner of the Yassi Farmstead, Ennu Kivist, of Virumaaskiy District, was assured of this. He has 83 hectares of arable land. He raised a good crop and was able to sell over 70 tons of grain at a good price to the neighboring sovkhoz. E. Kivist earned about 50,000 rubles for the year and bought a tractor, a combine and building materials for building a grain dryer.

However, as of now there are only several dozen such farmsteads in all of Estonia. Even the ex-minister, Kharald Myannik, who established his farmstead in Vana-Vigala, is still maintaining only four cows. Half of all farmsteads have only a dozen hectares of arable land. This kind of farmstead can feed only the owners themselves. It produces few products for the market. The timidity of kolkhoz farmers and sovkhoz workers can be explained easily—there is a shortage of equipment, building materials, equipment and money.

Basically, most of the farmsteads are involved in natural goods. There is a considerable number of so-called hobby-farmsteads, which the owners utilize as dachas. As of yet taxes have not forced them to carry out active farming. But judging by everything, this will not continue for very long. Recently the government issued

instructions on the application of the land law, which establishes the goal that a farmstead must produce no fewer than 32,400 rubles' worth of commodity products annually, i.e., to feed 20 people. Only such farmsteads will have privileges and the right to obtain equipment, building materials and resources.

Meanwhile the lion's share of milk, meat, eggs and other products are produced by the republic's large enterprises. Their premature dissolution and the privatization of kolkhoz property can result in a sharp drop in production, a portion of the land may remain unworked and large farms will remain uncared for. The integration of the farmstead into the existing system is a task that will take many years.

### RSFSR Agricultural Supply, Support Lags

914B0162A Moscow SELSKAYA ZHIZN in Russian  
7 May 91 p 2

[Article by SELSKAYA ZHIZN correspondent Yu. Baklanov under the rubric "The Agro-Industrial Complex on the Road to the Market": "Dashed Hopes"]

[Text] An elderly machine operator of one of the farms of Voronezh Oblast noted that it was the first time he had worked in a field without any desire. He had the impression that, aside from himself, no one needs bread. When you see tractors standing around without tires and batteries at such an important time of the year, you begin to agree with him. Dozens of airplanes were idled in many of the oblasts of Russia because of a lack of gasoline. As a result, aerial fertilization of the winter crops could not be performed. That will result in a grain shortage.

"There will also be a shortfall of sugar," they sigh at the Lipetsk agro-industrial union. "They only allotted enough herbicides for half of the area to be sowed with beets. We sent a telegram to Moscow and did not get any answer."

"They are losing heart," acknowledges A.A. Yermolin, chairman of the kolkhoz imeni Krupskaya of Dobrinskiy Rayon. "People are exasperated, and high wages no longer make them happy—the money does not buy anything. So they support some people with hard currency purchases, but what about the rest—do they go about undressed and barefoot? I asked one machine operator: Do you really not wish to earn more? What good does it do me, he answered—if Agrosnab had not provided me with rubber boots, I would have had no footwear at all."

"Recently we have been doing a 1 million rubles' [R] worth of construction per year at the kolkhoz, but now they are supposed to reduce that by half—there are no construction materials despite the fact that the price for them has increased. Of course, we could get much of it ourselves. The RSFSR [Russian Soviet Federated Socialist Republic] Council of Ministers decree on the tax in kind and the state requisition, which together

should not exceed 70 percent of the average level of sales in preceding years, untied our hands for profitable exchange of commodities and free trade. We do not need to look for purchasers—they come to the kolkhoz by themselves. For our meat and grain they offered such goods in short supply as you will never get through state channels. And not in small pieces—a whole welding set, a crane, wood, cargo vehicles, and even buses, which we need urgently. I was just making a deal with a dairy factory for the production of butter from raw materials which we provided, when we were hit with an order: conclude a new contract for the sale of your output using state order procedures..."

But late us break off this unhappy monologue. It is possible to hear others similar to it everywhere. The euphoria evoked by the RSFSR Council of Ministers Decree No. 590 was quickly extinguished in Lipetsk Oblast. Everyone remembers how several years ago national economic plans and counter-plans were imposed on the countryside along with social obligations that were simple and even larger, and even the party organizations would become confused about the figures involved. Now just about the same thing is happening again: there is the tax in kind, the state order, an oblast order, and something must even be left over for the rayon to subsist on. It all adds up to requisitioning the entire 100 percent.

And how the chairmen of the kolkhozes rejoiced at the beginning! In Voronezh one of them, in a conversation with the city leaders, even tapped a crooked finger on the desk as he made his point: "If you do not wish to help us, then you can starve and we will eat meat and ride around in Volgas. Do you understand?" They understood very well. But now his colleagues in Lipetsk are biting their nails with vexation: How many profitable barter transactions are being broken! Previously at least the output over and above the plan could be put to profitable use, but these days where is any to be found given a shortage of fodder?

Production of milk and meat is not increasing but decreasing. In addition, the tax in kind is not backed up by the counter-sale of combined fodders, oil-seed meals, and other supplements to the food for the livestock, and as a result the country is shorted many products.

The volume of spring field work in Lipetsk Oblast has increased by almost 150 percent, but fewer resources have been allotted. How is it possible to increase the production of output and perform a larger volume of work than previously when there is a sharp reduction in resources? Will the local leaders of agricultural enterprises in Lipetsk and other regions be able to unravel this "riddle"?

To justify the introduction of an oblast order, bureaucrats in Lipetsk ask: What would you have us do—leave the metalworkers without food? What is wrong with you?! The metalworkers have kept prices the same for electrical energy for the countryside, they have set up the

production of pipes for its gasification, they are allotting metal for equipment, and they have given millions of foreign currency rubles for the purchase of seeding machinery for precision seed drills. Would it really be possible to grow potatoes and vegetables without them? Of course not. Thank God that the city authorities and the labor collectives have not followed the crude example of Moscow, Leningrad, and Ryazan. What would we have in the stores now? Today there are potatoes, carrots, and other things in them. In Voronezh Oblast they have also introduced regional orders, but in exchange they have resolved to collect products the countryside needs and have them manufactured at industrial enterprises.

Recently I had the opportunity to visit one of the rayons of Kursk Oblast—that same 100 percent requisition existed there too. Here is a free market for you!

When the mayor of Moscow talks about a mythical food blockade, as he has recently, it gives rise not to sympathy but to irritation: consider yourself lucky, Gavriil Khari-tonovich, and do not exaggerate your misfortunes! If you want to judge by what you do not have, then many cities in the Urals and the Volga region find themselves under a blockade of all consumer supplies. In all shortages and under all regimes, totalitarian or democratic, it is as though the capital has been, using the expression of A. Solzhenitsyn, "an island of privilege," and so it remains. But it is now clear what the capital is short of: wise men in the government who are able to save the countryside from ruin.

At one time Pushkin had his doubts: he asked whether it was possible to find even one pair of slender, feminine legs in Russia. Judging by the beauty competitions that are so prevalent today, legs are no problem in this country. But as for wise government officials who understand that the countryside must immediately be rescued and who know how to do it, there is an absolute dearth. In January, I.S. Silayev, the prime minister of Russia, stated on television that the balance of goods which existed in 1990 would be provided for, so do not worry, dear comrades. But given the present situation in the countryside, there is no reason to be calm. A.A. Yermolin, chairman of the kolkhoz in Dobrinskiy Rayon, says the most frightening thing now is that people no longer believe anyone or anything and do not wish to work.

They talk about dashed hopes everywhere. Because of an increase in prices of material resources, interest rates for loans, and an abrupt increase in construction costs, the Lipetsk countryside alone is losing more than R100 million. According to rough estimates, the 15 percent of national income promised by RSFSR people's deputies for the environment of the countryside has half "dried up." Checks for "Harvest-90" import goods still are not backed up by goods. The residents of the countryside are drawing a simple conclusion: as always, they have deceived us.

I am convinced that as the leader of Russia, B.N. Yeltsin, notwithstanding the criticism against him, could change the situation to the benefit of the countryside and demand that the government involve itself with the urgent needs of the countryside. But his agricultural advisers are probably representing those needs poorly, stuck in a rut on the idea of private farming. And the statement at the Movie House to the effect that the example of the miners should be followed has completely thrown the peasants into confusion: Does this mean that they are to abandon their work and not plow or sow?

Bring us to reason, Lord, because we know not what we do! Will the voice of reason be heard, and will it be heeded in this "universal hysteria," as the playwright M. Shatov noted, in which the successes of democratization result not in efficiency of production and an improved life for the people but in orators in the squares and strikers?

Last year when the countryside was awaiting help in collecting the harvest under conditions of difficult weather, there were people who accused it from the tribunals and the pages of the newspapers of a parasitic attitude. How stupid! The countryside cannot be a parasite if only because it has fed more than just itself and because people live there and they cannot live without working. It will feed itself in any event. But who will feed all those who are conducting rallies, strikes, and meetings?

See how quickly circumstances are changing. The long-awaited tax in kind and the promised market have almost immediately turned into requisitioning and the scrupulous distribution of something that does not yet exist. And the most alarming thing is, will it exist?

### Estonian Production Lagging, Farmsteads Need Help

#### Central Committee Discusses Problems

914B0152A Tallinn SOVETSKAYA ESTONIYA  
in Russian 9 Mar 91 p 1

[Article by unnamed SOVETSKAYA ESTONIYA correspondent: "A Clear Program is Needed"]

[Text] At its last meeting the Bureau of the Central Committee of the Communist Party of Estonia discussed the question of the situation in the agriculture of Estonia. What is it, a return to former times? No. And it also wasn't in the hall, crowded as formerly with leaders of republic services and rayon authorities, chairmen of leading kolkhozes and directors of no less top-level sovkhozes. Although, in principle, anxiety over the future of the Estonian village could have even today mustered no less a representative council.

A truly critical situation is developing in the village. Last year state purchases of cattle and poultry fell by five percent and those of milk by four percent. January of this

year looks simply catastrophic in comparison with January of last year: meat has slumped by 13 and milk by 18 percent. It's no wonder that meat has become a rarity on the counter, despite the significant rise in prices.

The Bureau of the Central Committee sees the lack of a clear-cut agricultural policy on the part of the republic's government as the main reason for the sharp drop in production. As a result, the kolkhozes and sovkhozes, our basic producers of output, have lost a sense of perspective. Uncertainty about tomorrow has engendered apathy, a slump in overall labor discipline, and the rupture of ties that have grown up.

In animal husbandry we have developed skilled cadres, the production bases has been created, and there is a pedigreed herd. It is simply criminal not to utilize this potential. It is doubly criminal to scatter it to the wind. Ilmar Kallas, adviser of the Estonian Communist Party Central Committee, Arnold Ojasalu, first secretary of the Rapla district party committee, and others who spoke at the Bureau emphasized the need to promptly take radical measures. Otherwise the food situation may worsen so much that the population's discontent will take the form of social outbursts and completely destabilize the political situation in the country. A clear and honest program for the further development of agriculture is needed, one based on the realities of the moment and capable of giving confidence in tomorrow back to the peasant.

Member of the Bureau of the Central Committee of the Communist Party of Estonia Edgar Tonurist, in the past a First Deputy Chairman of the republic Council of Ministers, who was in charge precisely of questions of agriculture, spoke of the necessity to collaborate more closely with the union government and to not play political games but to maintain businesslike relations with the center and with the regions of the country, without which one cannot survive today.

The bureau also examined proposals to the forthcoming plenum about forming nine working commissions from among the members of the Central Committee: on work with deputies, the economy, village life, collaboration with other parties and democratic movements, national relations, humanitarian questions, information, veterans affairs, and intra-party work. The composition of the commission on the program of the Estonian Communist Party will also be submitted to the plenum for approval.

The draft law of the Estonian Republic on the principles of property reform, which has been subjected to harsh criticism, was also a subject of discussion at the meeting. There are many provisions in the draft which, in the opinion of the bureau members, will only increase the tensions in Estonian society and threaten civil war. The proposal was made to subject the draft law to serious legal expert opinion and to state its dangers to the people.

The bureau members studied with sketches of the emblem of the Communist Party of Estonia, the main element of which is a red carnation, the acknowledged symbol of left forces.

### Reliance on Small Farms

914B0152B Tallinn MOLODEZH ESTONII in Russian  
19 Mar 91 p 3

[Article by R. Popova: "Four Quarters of the World—Four Rayons"]

[Excerpts] At a closed session on Monday the government continued working on the draft laws on property and land reform. In these two drafts we have legislative acts which are without precedent for 50 years and which will lay the foundations of the future economy of Estonia.

The drop in agricultural production in the republic continues. For a long time Estonia built up animal husbandry while crop production stood still. This year the government has drastically reduced state purchases of feed grain, acquiring 500 tons as compared with 1.3 million tons last year. This week the head of government is preparing to sign a decree on the basis of which the reorganization of agriculture will commence. Large farms will continue to feed us in the near future. There were once 140,000 farmsteads (khutor) in Estonia. It is utopian to expect that we will be able to force the process of restoring small farms. For the time being the republic is not in a position to provide the peasant with the appropriate equipment, building materials, etc. However, the legal and financial prerequisites for stimulating private farming (khutorskoye khozyaystvovaniye) will be created; i.e., credit and tax policy with respect to small and large farms will be equalized.

One cannot avoid the question of meat prices. The state purchase prices in force do not cover its production costs. There are no funds in the budget for a subsidy. The government will examine the question of introducing regulated prices probably closer to autumn. Unlike free prices, regulated prices will somehow restrain them. How? As yet there is no precise answer to this question.

### Farmsteads Need More, Better Equipment

914B0152C Tallinn SOVETSKAYA ESTONIYA  
in Russian 14 Mar 91 p 2

[Article by R. Valdma, SOVETSKAYA ESTONIYA correspondent: "The Small-Holder Needs Help"]

[Text] There are now more than 4,000 farmsteads in Estonia. Each farmstead averages 11.2 hectares of land. One cannot manage without a tractor. A little equipment has been obtained through agricultural supply bases and the Estonian Republic Council of Consumer Societies in the last two years. Finland and Sweden have sent us 4,500 used but usable tractors, machines and various

agricultural implements. And still a third of the farmsteads are meanwhile without tractors and the need for tractor-drawn implements is great.

It would be unfair to say that the Ministry of Agriculture and the agricultural equipment enterprises are doing nothing to normalize the situation. One can find out from the informational newspaper and the catalog for small-holders what equipment can be acquired through Agrosnab [agricultural supply organization] and what the agricultural equipment enterprises and the small firms attached to the kolkhozes and sovkhozes produce for the small-holder.

The long list of machines drawn up by the Ministry of Agriculture indicates those which have already been put into production but whose delivery is being delayed because of the shortage of components and supplies. For example, 50 cultivators for the T-25 tractor were produced last year at the Kuusalu experimental repair plant. This year production will be limited to only 100 cultivators although the work areas and equipment as well as the amount of manpower would permit the manufacture of 300 units. Another list contains 18 names of machines which are in the stage of development and design. The complex equipment which only the machine-building industry can produce is on a third list. It includes all kinds of joints, reduction gears, hydraulics, refrigeration equipment, potato-harvesting machinery, etc.

**It was good that the press-service of the Ministry of Industry and Power Engineering assembled all interested persons and journalists at the Talleks association to find out how the leaders of the machine-building plants intended to help the small-holders. One and the same note of anxiety about the state of affairs was heard in the numerous speeches. However, there were also reassuring reports.**

Small tractors stood alongside land reclamation equipment that day in the Talleks plant yard. One of them was the 13-horsepower MA-10. As yet 10 units have been produced. They use Czech engines and it is hard to get them now. A second tractor, which is undergoing tests, has the domestic T-25 engine and such tractors will be series produced at the association's Viljandi branch.

At the meeting the participants learned that working groups of specialists from the ministries of industry of the Baltic republics had, at the end of last year, worked out the directions for joint actions in the field of the production of more powerful tractors. This task has been given to Lithuania. The production of fodder harvesting equipment, compressors, and refrigeration equipment is also envisaged. Latvian machine-builders will specialize in milking machines, fertilizer spreaders, potato and beet harvesting machines, and trailers. Estonia's share, besides tractors and excavators, sowing machines, and rotary cutters also includes... grain-harvesting combines.

A decision has already been taken that the Tartu agricultural machinery plant Voit, where they even now produce needed equipment for the small-holders, will produce grain-harvesting combines in conjunction with the Finnish combine Sampo. This is a serious business and the plant can scarcely cope with it on its own. The help of other republic enterprises is needed here. The economic calculations suggest that with an annual output of 1,500 combines their production costs will be recouped in four years and the foreign exchange costs in seven years. Losses when harvesting on such a combine run to up to two percent versus eight percent on the domestically produced "Niva." The Estonian-Finnish combine promises to be a good article not only for the Baltics but also for other union republics. But all this, as they say, is in the future.

Today a center needs to be created in the republic which would combine together all the capabilities of the producers and the wishes of the users and engage in the designing of equipment for the farmsteads and its being put into production. But for now we are in a paradoxical situation. Not a kopeck has been allotted from the state budget for the creation of new equipment (1.2 million rubles were allocated in 1989 and 500,000 last year) while the design bureaus in Saku, Saue, and Keila are looking for work in their speciality. So long as there is none they busy themselves with producing satellite antennas, the painting of motor vehicles, and many other things that have no relation to agriculture. It is gratifying to hear that Paul Treier, the general director of Talleks, has agreed to create in the association a small enterprise engaged in the development of field implements. The initiative of the Eesti toostus association and the Central Union of Small-Holders to create a special-purpose fund for the development of equipment for the small-holder farm makes one glad. Eesti toostus has allotted R100,000 for the fund as initial capital and the small-holders' organization promises to allocate R360,000 over two years. However, besides this, the help of the republic government is still necessary.

### Estonian Situation, Inter-Republic Ties Discussed

#### Agricultural Problems Examined

914B01504 Tallinn SOVETSKAYA ESTONIYA  
in Russian 2 Apr 91 p 2

[Article by Ilmar Kallas, adviser to the Central Committee of the Communist Party of Estonia: "Crisis in Agriculture. What Next?"]

[Text] At one time Estonia was called both a potato and a dairy republic. And justly so. But today we have become a republic of empty counters.

What has happened?

Not so long ago it was persistently suggested to us that the root of the evil lay in the unjustifiably big export of milk and meat. The borders should be closed, they said, and abundance will follow immediately.

Today, when the tiny border has been established, when purchase cards and coupons have been distributed to all, stores should burst with products. However, they are empty as never before.

Some latter-day politicians maintain that kolkhozes and sovkhozes, which are unable to feed the people, are to blame for everything. They demand an immediate dissolution of collective farms, as though after their liquidation general well-being will follow right away. "Red barons"—managers and chief specialists of large farms—have received their share of reproaches.

In no civilized country is it customary to reproach breadwinners. Working under difficult, at times intolerable, conditions, up to now kolkhoz members have provided Estonia's inhabitants with everything that our land is capable of producing. The system, not they, is to blame. We will try to change it. But any, even a bad, system is better than no system.

Of course, no peasant would like to return to the previous administrative-command economy, which regulated everything from top to bottom. But it had its positive aspects. If some disruptions occurred, for example, butter disappeared from counters for a few days, the "white house" immediately sounded an alarm, summoned ministers, and the talk was very stern. And this worked. Ultimately, both butter and many other things appeared. It is a matter of responsibility. Unfortunately, among many high-ranking officials this feeling has disappeared recently. Today personal ambitions predominate and too much effort is spent on the fight for illusory power.

Against the clamour for freedom a gradual decline in the people's standard of living continues.

The drowning person grasps at a straw. I do not know whether they have done this because of the old habit, or, in fact, out of conviction and with hope, but in the last few weeks peasants have often turned to the Communist Party of Estonia with a request to do something.

The situation in agriculture has been discussed at a recent meeting of the bureau of the Communist Party of Estonia. Of course, not for the purpose of again seizing the reins, but in order to help matters through rural party members.

Today the situation in rural areas is worse than anywhere else. As is well known, last year purchases of livestock decreased by five percent and of milk, by four percent. In two months of the current year the drop in purchases of livestock comprised 19 percent and of milk, 18 percent. As compared with 1989, the reduction in procurements of livestock and poultry can be forecast at about 30 percent and of milk, 15 percent. This signifies a further decrease in deliveries of meat and milk to the market stock. But they are already minimal. Look at store counters, where pork is available only during big holidays.

A further deepening of the crisis can lead to an unprecedented rise in prices and to a disaster for badly-off strata of the population.

Incidentally, according to the data of the USSR Committee on Prices, the retail price of beef introduced in the Union is seven rubles per kg, of pork, 5.3 rubles, of milk, 50 kopecks per liter, and of dietetic eggs, 27 kopecks per egg. Evidently, these prices will no longer concern us. But we, too, could have lived according to them.

What is the reason for our deep crisis? First of all, the lack of a clear agrarian policy. Total confusion reigns in rural areas, especially on large collective farms, and people have lost all faith and see no prospects. Individual parties and public associations irresponsibly hold up to shame everything that was created previously, as well as existing forms of ownership and production, and rush the establishment of homesteads.

However, it is difficult to slip on a beautiful, new suit if it does not yet exist.

Estonia has highly skilled specialists and rural areas have many high-quality livestock barns, a productive herd, and experience. This potential must be better utilized. After all, we do not have another. However, the existing production structure must not be broken for the second time in half a century. This is disastrous.

It is clear that, restructuring the operation of collective farms, it is necessary to search for diverse forms and to establish partnerships, joint-stock companies, and so forth, but, without fail, with due regard for the opinion of the peasant himself.

Not so much forms of production, as to whom products belong and who distributes them, are important now, during the transitional period. It is not so important from whom products are taken (from a kolkhoz or a homesteader), but what levers are used. Today the government must support all forms of production through a thought-out tax and purchase policy.

With respect to homesteaders the Communist Party of Estonia assumes that their establishment should be a component of state agrarian policy and not be built on emotions and an extensive use of campaigns.

The shortage of purchased feed is the direct cause of the reduction in agricultural production. To be more precise, the republic was unable to purchase it in time. The slogan "Estonia Should Not Be the Union's Pigsty" also played its part. Although it would not be a bad thing to know that Holland and Denmark produce twice or three times more meat per unit of area than Estonia and, basically, with imported feed, at the same time, not upsetting the ecological balance. Not to mention that they remain free and independent.

Relations in the East, which nothing in the West can replace, should not be broken off. Obviously, we need

eastern republics and Russia more than they need us. It is impossible to change the economic system in one or two years.

In 1989, Estonia used 1,304 million tons of purchased feed. For this year only 498,500 tons have been allocated to us, because the republic has decided to deliver only 30,000 tons of meat and 350,000 tons of milk to the Union stock (in 1989 a total of 54,600 and 442,300 tons respectively). It would be more realistic, first of all, to develop our own grain production program, if it can be developed and put into effect at all (previously, such programs were developed more than once). But as long as such a program does not exist, it makes sense to import 800,000 to 900,000 tons of fodder annually, which would make it possible to produce for export 50,000 tons of meat and meat products and 400,000 to 500,000 tons of milk and dairy products. Such grain volumes would make it possible to increase general production, to improve the economic situation of farms, and, naturally, to enrich the internal market at least by 20 to 25 percent. After all, from each ton of imported grain we can use 200 to 250 kg for our own interests.

Lithuania conducts its agrarian policy much more reasonably. This year it has agreed to sell 140,000(!) tons of meat products and more than one million tons of dairy products to the USSR. That is, the republic by no means decreases deliveries as compared with previous years. Accordingly, more feed is also sold to it. That is why the Lithuanian domestic market is much more bountiful than ours.

Agrarian policy should be conducted sensibly and with good prospects. In the past we committed quite a few blunders, but our present troubles should not be entirely blamed on the time of stagnation. We leave cows and heifers without feed right now. In 1990 the Kekhtnas Artificial Insemination Station reduced its services by eight percent and now the situation is not better there. This means that we will have less cattle and the results of long-term selection work and the fate of our dairy herd are threatened.

Yes, in the past the Communist Party made mistakes in agrarian policy, but should they be rectified at the cost of new mistakes?

The bureau of the Central Committee of the Communist Party of Estonia suggested that the republic government promulgate basic provisions of the agrarian program, take fundamental measures to stabilize agricultural production, and avert the impending disaster in rural areas.

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On 20 March on the initiative of the Central Committee of the Communist Party of Estonia a conference of managers and specialists of the republic's large farms was held. Opening it, E. A. Sillari, first secretary of the Central Committee, said that the need for the meeting was dictated by the critical situation in the sector. All

parties should stop their discords for the sake of peace and the people's interests. We must engage in a real economic policy.

At the request of the participants in the conference, A. Ruutel, chairman of the Supreme Soviet of the Estonian Republic, received them. They handed to him an appeal with proposals aimed at rectifying the situation in agriculture. They also suggested that the Supreme Soviet discuss the state of rural areas.

Yu. Vannas, chairman of the Syprus Kolkhoz (Khiyyu-maa), A. Tuysk, chairman of the Makhtra Kolkhoz, T. Veere, chairman of the Peetri Partnership, V. Kanarbik, head of a department on the Laekvere Kolkhoz, Yu. Yagor, animal specialist on the Mukhu Kolkhoz, E. Tynurist, member of the bureau of the Central Committee of the Communist Party of Estonia, and others stressed the urgent need to revise the statutes on taxes and price policy, which in no way stimulate agricultural production. A clear agrarian policy is needed.

#### Economic Boundary

914B0150B Moscow SELSKAYA ZHIZN in Russian  
11 Nov 90 First Edition p 3

[Article by S. Kuznetsov: "Economic Boundary"]

[Text] The staff of Estonia's frontier guard service established 28 passage points. Four armed militia men and 10 guards will be on duty at each of them.

They have the right to stop motor vehicles, check their technical condition or transported freight, and detain and send back goods being shipped without special licenses. There will also be customs officials at 10 points.

#### Getting Fair Share

914B0150C Tallinn VECHERNIY TALLINN  
in Russian 19 Feb 91 p 1

[Article: "Previously, Wheat, From Which Rolls Were Baked, Was Grown in Estonia"]

[Text] To this day Finland obtains 85 percent of the white flour from its fields, although it is more to the north than we are. However, Estonia depends on purchased flour. Mati Allas, general director of the Grain Department, spoke very convincingly about the need for our own research center. Specialists could determine what wheat varieties to sow in order to obtain good harvests.

A total of 140,000 tons annually—this is our need.

At the government meeting, this point on the agenda sounded as follows: "On the Fulfillment of the Program for the Development of Grain Farming and on the Situation With Feed Provision." We have nothing to brag about here. The Soviet Union depends on imported deliveries, but there is a shortage of currency for this. The problem of putting into play state gold reserves is

being weighed now. Estonia will receive its norm from this amount, which comes from abroad, if it sells meat and milk to the East. The Soviet Union owes us mixed feed components, while the republic is somewhat late with the rise in purchase prices. All this forces rural workers to behave carefully. They do not want to sell grain to the state, although now this is more profitable than to feed it to the herd. In 1990 only 130,000 out of the planned 170,000 tons were sold to the state. Therefore, in order not to disrupt the present plan, peasants' demands must be examined.

#### Keeping Estonian Produce Home

914B0150D Tallinn SOVETSKAYA ESTONIYA  
in Russian 9 Apr 91 p 1

[Article by Yaroslav Tolstikov: "To Sow and That's It!"]

[Text] This is precisely how the republic's Ministry of Agriculture puts the matter today. At yesterday's briefing for journalists Minister Kharri Yunapuu reported that part of the areas remained unsown. Some farms are reducing sown areas, while lessees are searching for an unoccupied plot of land—the seed stock is sufficient.

"We have decided to clarify why this happens," the minister stated, saying that administrative measures will be applied against the farms that use land inefficiently.

The minister did not specify which ones. A reprimand according to the party line? (But what party is discussed?) Arraignment of the person who committed an offense? But where is the appropriate law?

It is clear, however, that economic market methods have not yet been put fully into effect, while administrative-command methods have become obsolete. Nevertheless, it is necessary to sow.

Responsibility for an illegal export of physical assets from the republic was also discussed at the briefing. Until now all moot problems were resolved only judicially. From now on the customs service will be given greater rights. The customs official himself will be able to impose on the person who commits an offense a fine of up to 1,000 rubles for illegal export and the manager of a customs service, of more than 1,000.

The director of the Border Department (not to be confused with the Customs Department) was approved at the government meeting. He is Andrus Eevel, manager of Kodukaytse. He reported that workers of this service were fully resolved to protect Estonia's economic boundary. Moreover, control over the entry to islands is also being turned over to this department. USSR frontier forces are turning over these functions to the new department.

Ardo Kamratov, director of the State Property Department, reported on how the leasing out of state enterprises would be carried out. This will be done publicly, on a competitive basis. The rent will be transferred to the republic's innovation fund that is being established. In

the course of the competition, possibly, the one who offers a better reconstruction variant and so forth, not necessarily the lessee who decides to pay more, will win.

The government has examined the list of small enterprises subject to privatization in the first place. They are 24 facilities, basically trade and public dining enterprises and shops.

## MAJOR CROP PROGRESS, WEATHER REPORTS

### Section Head Views Chemical Delivery, Seeding Progress in Ukraine

914B01654 Kiev SILSKI VISTI in Ukrainian  
6 May 91 p 1

[Article by Ye. Chulakov, head of the Ukrainian Communist Party Central Committee section on agrarian policy, under the rubric "The Spring Field": "The Countryside Is Working on the Harvest"]

[Text] Political passions are boiling over in society, but the concerns about our daily bread are inevitably the most important. City dwellers and peasants alike are worried about whether the spring sowing will be conducted in a timely fashion and whether the crops will grow, averting the threat of famine which has been increasingly frightening people of late...

Questions about the successful execution of field work are constantly under examination by the Ukrainian Communist Party Central Committee. They have been discussed in the Secretariat, at the conference of communist leaders of the agro-industrial complex which took place in the Central Committee at the beginning of April, and at republic-level seminars in Cherkassy, Kiev, and Dnepropetrovsk Oblasts. Stabilization of food supplies to the population has been defined as the first-priority political task of the party committees.

In the majority of the republic's regions, the role of communists in the organized execution of field work was determined prior to going out into the fields. Supervision was established over the provision of proper labor conditions, and moral and material incentives for the workers have been worked out.

Employees of the Central Committee's section on agrarian policy are visiting the labor collectives and primary party organizations of kolkhozes and sovkhozes and studying the state of affairs, and they are helping in the solution of long-standing problems through the appropriate services.

The peasants are troubled by the complicated economic and political situation existing in the country and the republic but, despite all the difficulties, they wish to do their work honestly. There is no panic in the countryside, and people are working persistently.

Attempts by forces opposing the CPSU to penetrate the rural environment and their calls not to sow and not to look after the future harvest have suffered defeat. The true peasant knows the worth of the land and of each day of his labor on it.

Despite all the difficulties, the kolkhozes and sovkhozes have been able to ready their equipment for the spring and staff the sowing teams with personnel. Practically everywhere field work is being conducted at a pace that is close to optimal. In only a week almost 4.2 million hectares of early spring grain crops have been sown. Hopes that the republic will have a good grain crop are also supplemented by the good condition of the winter field, which exceeds 8 million hectares. The sowing of beets has been completed. As the plan stipulated, they occupy 1.5 million hectares. The sowing of flax has also been completed.

Cool weather has held up sowing of late crops in some places. Almost half of the area for sunflowers and two-thirds of the corn have to be sown in a very short period of time, and one-third of the potato crop and half of the vegetables have been planted.

Some 500,000 members of the CPSU are presently working in agriculture, and more than 10,000 primary party organizations are functioning there. This is an enormous force. As practice testifies, the situation is most stable precisely where the influence of communists is felt, and diverse forms of organizational and political efforts are actively being applied.

For example, notwithstanding all the difficulties with material and technical supplies, the Poltava region managed the sowing of early crops two to three days more quickly than in preceding years. A prime reason for this was the mobilizing role of CPSU organizations in the countryside, which under today's circumstances has only increased in importance. Precisely this conclusion was drawn during an examination at a meeting of the Central Committee Politburo of questions connected with organizational and political work of the party obkom [oblast committee] in implementing the agrarian policy worked out by the 28th Congress of the Ukrainian Communist Party. In particular, it was noted that the majority of the party committees of Poltava Oblast, rejecting the methods of administrative management and the secret replacement of managers, are having an influence through their political methods on the socioeconomic processes that are taking place in the agro-industrial complex, are preserving the initiative, and are ensuring the health of the moral and political situation in the labor collectives. What is the key to this?

It is attention to the process of strengthening party ranks. The rural party organizations are distinguished by their stability; there are only isolated instances of resignations from the CPSU. The positions of communists in soviets at all levels are strong, and their activity in the solution of agrarian problems is high.

Increased responsibility of communist leaders in the improvement of living and working conditions of the peasants, an increase in the production of output, constant attention to the inculcation of scientific and technical progress in all sectors of agro-industrial production, consolidation of the base of the kolkhozes and sovkhozes—all of this is offering substantial results.

It is recommended that the experience of the work of this oblast party organization be applied to the obkoms, gorkoms [city committees], and raykoms [rayon committees] of the Ukrainian Communist Party.

It was necessary for the farm workers of Krasnoarmey-skiy Rayon in Donetsk Oblast to carry out sowing under complicated conditions when rallies took place close by, in the city, and all the coal mines went on strike. Vitaliy Andriyovich Borovyy, secretary of the party organization of the kolkhoz imeni Marshal Moskalenko, explains that healthy working conditions in the collectives of the rayon were ensured by the active stance of party workers and communist leaders of all levels. They are constantly with the people, seek joint methods for solving problems, and find them. The fact that they did not reject justified forms of competition and the application of various moral and material incentives in the majority of collectives also had a positive effect. At the aforementioned state farm they decided to hand out five kilograms of grain for each high-quality hectare of spring grain sown. There the sowing of early grain crops took only three working days.

The leaders and the party and trade union organizations of Volyn, Vinnitsa, Dnepropetrovsk, Kiev, Kirovograd, Nikolayev, and other oblasts created the necessary conditions for the productive labor of sowers.

Among those who distinguished themselves on the spring field were communist machine operators Mykola Yehorovych Cherednychenko and Volodymyr Fedorovich Avilov from the kolkhoz imeni Marshal Moskalenko; Anatoliy Mykhaylovych Zhuravlov and Oleksandr Pavlovych Morozov from the kolkhoz imeni Lenin of Novoazovskiy Rayon in Donetsk Oblast; Petro Ivanovich Dyakiv and Oleksandr Ivanovich Kovalyshyn from Shargorodskiy Rayon in Vinnitsa Oblast, and many others. Permanent as well as temporary party groups and party organizers were actively used to reinforce party influence over the seeding.

It should be noted that the general transition to collective contract leasing is contributing to the successful conduct of the complex of efforts. Restructuring the inter-farm economic relations of kolkhozes and sovkhozes is being carried out at the initiative of a number of farms of the republic. Their traditional production structures (sections, teams, and workshops) are being transformed into small, specialized leased collectives which are combining into associations. The kolkhozes Pravda of Baltskyy Rayon in Odessa Oblast and Rodyna of Malovyskivskyy Rayon of Kirovograd Oblast, the sovkhoz imeni Vatutin of Vyshgorodskyy Rayon of Kiev Oblast, and a number

of others were some of the first to take the path of such restructuring and to achieve important results.

In agriculture half of the area under cultivation is worked by leased collectives employing over 500,000 people or almost one-third of those employed in the sector.

But to say that everything is fine in the spring field would be going against the truth. First and foremost, it would be much easier for the farm workers if they were provided with everything necessary for work in the field. Even though, under these complex conditions of violation of economic ties and a slump in industrial production, the government of the republic has applied urgent measures to speed up deliveries of material and technical resources, many problems still remain. In the first quarter the agricultural sector was not provided with significant quantities of tractors, harrows, and cultivators. Its own enterprises, such as the Kharkov tractor factory, the Kupyansk foundry factory, the Pivdennyy machine-building factory (in the city of Dnepropetrovsk), the Melitopol factory for hydraulic turbogenerators, the Bilotserkiv and Sumy factories for fertilizer products, the Lugansk factory for crankshafts, etc., are not fulfilling the plans for deliveries of agricultural equipment and spare parts.

There is no doubt that the introduction of intensive technologies had a significant affect on the fact that agricultural productivity has genuinely increased recently. The main thing now is not to relax in this work. These days work is complicated by insufficient deliveries of mineral fertilizers, of which 700,000 tons less than last year have been allotted. The Sumy production association Khimprom [chemical industry] delivered to the countryside only half of the planned quantity of superphosphate, ammonium phosphate, and liquid combined fertilizers. A critical situation has arisen with the supply of imported equipment for protecting the plants as a result of its late arrival. And because of an absence of raw materials, chemical factories under Union jurisdiction have curtailed production of individual preparations which previously existed in sufficient quantities.

In this difficult situation much will depend on how rationally each kilogram of artificial fertilizers that are allotted is used. It is necessary to make up for the shortage of nutrient substances using organic fertilizers as much as possible. Unfortunately, last year the use of them was sharply reduced, especially in Kiev (by 33 percent), Lvov (24 percent), and Kirovograd (17 percent) Oblasts and in the Crimea. As for prevention of weeds, those who are preparing for the broad application of agrotechnical methods are doing the right thing. For example, in Dnepropetrovsk Oblast they have begun the production of medium and light harrows and other necessary devices and tools. If such measures are not applied in a timely fashion everywhere, the harvest will inevitably be lost.

Special attention must be given to the corn fields. Last year there was an abnormal situation—in the state reserves there were only 690,000 tons or less than one-third of the planned amount of grain corn, and the combined fodder industry was left without raw materials. It is alarming that many farms are already planning to reduce the amount of land for this crop compared even with last year. Especially in Vinnitsa, Dnepropetrovsk, Lugansk, Odessa, Sumy, and Kharkov Oblasts.

In accordance with programs worked out in the republic, by 1995 production of corn should be doubled and brought to no less than 15 million tons, and close to nine million tons should be harvested this very year.

Foreign and native experience testifies that along with resolving the problem of corn, the shortage of protein feed must also be overcome. A direction has been designated in this case too—over five years to attain an output of no less than 500,000 tons of soy (currently it is at a little more than 100,000 tons). The results of work in Poltava Oblast prove that this target can be reached. Over the last three years the total harvest of soy in the Poltava region increased by a factor of four and reached the volumes of such soy-producing oblasts as Kherson and Crimean Oblasts. To process them, 90 extruders have been established at interfarm combined-fodder factories, and 10 workshops for the production of starter combined fodders are functioning. With the transition to corn-and-soy rations, fodder losses per unit of growth of pigs on a number of farms was reduced by half and a previously unprofitable sector has become profitable. This experience finds broad support in neighboring Kirovograd Oblast as well, where the sowing of soy is being expanded from 4,000 to 7,000 hectares. In Nikolayev Oblast there are plans to bring it up to 11,000 hectares.

Organizations of the Ukrainian Communist Party must take a more active part in implementing the agrarian policy worked out by the 28th party congress on the formation of an effective food market. Basing themselves on the 8 April 1991 ukase of the president of the USSR, communists must show initiative and win trust and support in the countryside through their specific actions.

## LIVESTOCK AND FEED PROCUREMENT

### Equipment Problems in Forage Harvest

914B0162B Moscow *PRAVDA* in Russian 12 May 91  
First Edition p 1

[Article by Y. Grigoryev under the rubric "The Latest News": "Will the Scythe Begin To Ring?"]

[Text] Nature is lavish with its green finery. The meadows are fresh and clean in their spring attire. Indeed, they call them a gold mine. And it is no accident. The meadows feed millions of head of livestock. In the

summer we receive the majority of our milk from them and half of the additional weight of the livestock. But there is trouble—this larder is becoming empty. Comprising over one and a half times the area of plowed lands, the meadows are only providing one-third the fodder.

It is difficult to blame nature for it. The state has been too stingy in its efforts to multiply its green treasures. Moreover, the modest budgetary allotments that were made in recent years went not to the masters of those lands but, one might say, to their estranged uncle—the Ministry of Land Reclamation and Water Resources. The results were deplorable. Operations in the meadows were cut back, and the quality declined. At present, out of 326 million hectares there are only a little over 20 million hectares of improved hayfields and pastures at the disposal of the village.

Now to some extent we are finally beginning to recognize the uselessness of indiscriminate investments in land reclamation. Today, for example, the government of Russia decided to allot significant capital from the state budget for fundamental improvement of meadows. The ice has begun to break. But what should the livestock be fed in the winter? Problems have remained. According to the specialists of the USSR Ministry of Agriculture and Food Goods, it is necessary first and foremost to change investment policy in the construction of land reclamation systems. There are plans to assign to the users of the land the functions of the client and the financing of work. In the process they will be compensated either fully or in part at the expense of the budget of the republic for the cost of conducting land reclamation.

However there is little sense in going out into the meadows with empty hands. It is necessary to set up the production of grass seeds, manufacture of electric fences, and production of tillers for bogs, hillcutters, rippers, special plows, harrows, and other equipment for which there is especial need.

Problems are also expected with gathering the harvest. The perennial grasses have wintered favorably, according to the agricultural specialists. The area under cultivation of these grasses has also been reduced—32 million hectares. This permits us to hope for a fair harvest of fodders.

How will they be harvested? The output of equipment from the factories is a matter of great concern. Planned deliveries of mowing machines comprises only 40-45 percent of orders from farms, of roto-balers—27 percent, of forage harvesters—even less. Even this truncated program will hardly be fulfilled. In the first quarter the majority of industrial enterprises, for example the production associations Gomselmarsh [Gomel agricultural machine-building factory] and Tselinogradkormmash [Tselinograd fodder machine-building factory] stopped production of such equipment.

The situation with the repair of equipment on the farms is no better. Everyone knows what that may lead to:

Hold-ups and losses in the harvest and a reduction in the quality of fodders. According to the calculations of specialists, the shortage of forage in the public sector may comprise 22 million tons of fodder units or 15 percent by comparison with last year.

It is a threatening prospect. Therefore without losing an hour we must make other calculations as well: how and

at the expense of which reserves the problems of livestock production and its fodder base are to be solved. It will be too late to complain about our lack of initiative and passivity when, God forbid, the gloomy predictions come true. Would it not be better for the entire rural and urban world to tackle the matter today so that sufficient fodder for the farms will be stored up?

## GOODS PRODUCTION, DISTRIBUTION

## Effect of Rising Prices on Trade Enterprises Discussed

914D01974 Moscow TORGOVAYA GAZETA  
in Russian 14 May 91 p 2

[Interview with S.P. Rylshchikova, director of the Ryazan Central Department Store, by I. Kogan: "The Lessons of April"]

[Text] More than a month has elapsed since the last retail price increase on consumer goods. It is not difficult to find out what purchasers think of this; all one has to do is read the signs on the placards displayed at the numerous meetings, including the May Day meeting. But what has been the effect of the price increases on the operation of trade enterprises, and on their economics? This was the question that our TORGOVAYA GAZETA correspondent asked the director of the well-known Ryazan TsUM [Central Department Store], S.P. Rylshchikova.

[Rylshchikova] The price increase, and a very substantial one, has placed us in new and unusual conditions. Demand is changing, as are our sources of commodity supplies and the relationship between the buyer and seller. In order to stand our ground we must adapt to these conditions quickly.

Many people were expecting that with the price increases there would be an abundance of goods. Unfortunately, these hopes were not justified. And indeed, from where would an abundance come if industry has sharply cut back on the production of many consumer goods, and a considerable proportion of what is being produced is raw materials and assemblies and goods for their own workers? So we may criticize the wholesalers as much as we like, but what can they give us if their warehouses are almost empty!?

[Kogan] Tell us, Svetlana Petrovna, have buyers changed since the price increases?

[Rylshchikova] At first what they did most was look at the price lists to find out what everything now cost. Some even wrote down the new prices. For in every family they have now made estimates of their own budget: how much must now be spent on food, how much remains for clothing and footwear and other goods. But after a few days buyer activity started to increase. And lines started to form for goods such as pantyhose and socks.

[Kogan] Before I met with you I walked round the trading areas in the store. Of course, there were not as many goods as there were two or three years ago, but nevertheless, even today they are not that scarce. But the thing that immediately caught my attention was that the cost of some articles is obviously higher than the level of the new prices.

[Rylshchikova] Well, as you said, there are quite a few items. But do you know where they came from? For the

stocks allocated to TsUM this year are considerably less than is needed to satisfy demand, and even all of those have not been received. We ourselves had to hunt for the goods. However, no one is now selling at state prices; it is either as barter for other items, or at contract or free prices. So we have had to change, and if anything is available it must be purchased on the conditions set by the sellers, which are mainly cooperatives and small enterprises.

[Kogan] In such cases who determines the sales value of such articles?

[Rylshchikova] We have created a price sector as part of the planning-and-economic department. Experienced commodity experts work there. They have a sound knowledge of the pricing mechanism and know how to handle the necessary documentation, and they are aware of all the changing laws and instructions on the subject. It is there that they decide what to sell at what price. And they have work and enough; we recently purchased R40 million of goods at contract and free prices. Mainly clothing, knitted articles, custom jewelry, and cosmetics, that is, goods that are in constant demand. Incidentally, our prices are lower than in the commercial stores.

[Kogan] So what does the department store get from this, just fulfillment of the commodity turnover plan?

[Rylshchikova] Commodity turnover is also important for us because the wages fund depends on it. But there is also another interest, namely, for goods bought at free prices we have the right to make a 20-percent markup against the release price. True, I believe that this kind of restriction is incorrect because it contradicts the laws of the market economy. There are goods for which it is expedient to set a markup of more than 20 percent, and thus be able to reduce the cost of other goods. Demand is changing and markups are changing because it is unprofitable to hold some goods too long; it is better to sell them more cheaply, but in order to free up money more quickly they must be put into circulation more quickly. Incidentally, the cooperatives are allowed to do this, but for some reason we are not. Is this fair? Under the conditions of competition in the future, price manipulation will become absolutely essential, and prices should be dictated not by letters of instruction but by demand.

[Kogan] Does the department store purchase everything that it offers at contract and free prices?

[Rylshchikova] How would that be possible! Our commodity experts are well aware of the competition in today's market and they buy only those articles that can be sold. Of course, there has to be some risk here, but without risk there is no commerce. For example, they offered us a batch of French perfumes—very expensive and not so expensive. But they were all sold together. We took the risk, we accepted them. The less expensive ones are selling well, but we are selling only two or three bottles of the expensive kind each week. Nevertheless, we reckon to sell them in the months ahead and as a result the deal will have turned out to be profitable.

But you and I have dwelled too long on the articles that we buy; we do have another source of commodity supply. It is to be found in this same building, on the second floor, where there used to be a ironing shop. Its work fell off somewhat and we transferred it to smaller premises and set up a small enterprise there—a sewing shop. It was founded by us and a knitwear association and a personal services department, and they operate there along with our other pensioners. To make ends meet we finally had to make cutbacks of 45 people, mainly pensioners. Those who wanted to continue working were sent to the factory to master the profession of sewing machine operator. At first they sewed only curtains. And although they were using unsuitable fabric for this they made fine curtains that are in great demand. Now the shop is also handling several kinds of ladies' clothing. So the enterprise is a promising one.

The commission trade department has been a considerable help for the department store. At first we were not going to open it; there were already many of them in the city; could we compete with them? But as soon as it was announced that TsUM was accepting goods on commission people started to bring their things to us. I think that the reputation of the department store played some part here, and the number of people who visit it. The choice in the department is now large, and it brings in a good profit.

[Kogan] You said initially that with the transfer to the new prices there has been a change in the relationship between seller and purchaser. How is this expressed, and what are the reasons for it?

[Rylshchikova] The considerable increases in the prices for goods such as overcoats, suits, footwear, and a number of other items have forced us to return to one of the forgotten active forms of trade. The purchaser of such items has naturally become more exacting, and professional skill is required on the part of the seller in order to sell them. He must be able, as they say, to show the goods to a person, select them according to the tastes of the purchaser, and help with the fitting. In general these are the elementary obligations of the seller, but during the time of panic buying much of this was forgotten. But now the ability to sell is directly linked to the wages of the salesperson and the financial position of the entire collective. And this personal material interest encourages him to speak up in order not to lose customers.

[Kogan] April has ended. What were the results?

[Rylshchikova] Despite all efforts the plan was still underfulfilled R1.07 million; the nondelivery of many items had its effect. But if we take the total result for the first four months of this year, then the target has been exceeded by R1.1 million. And we did manage to complete the April plan for income.

[Kogan] A final question. How, in your opinion, will this present price increase affect the transfer of trade to market relations?

[Rylshchikova] I believe that the problems that have arisen in this connection will encourage the trade collectives to strive more actively to free themselves from the tutelage of the trade establishments, associations, and administrations. We, for example, have decisively refused to join the oblast trade management association and unanimously decided to transform the TsUM into a joint-stock enterprise. Using the money we get from the sale of shares we want to buy the department store as a collective property. All the necessary documentation was completed, but suddenly we came up against a question that has not yet been resolved: From whom do we buy it?

The oblast executive committee believes that the department store is its own municipal property, being motivated in this by the fact that its purchasers include inhabitants of cities in the oblast. The city soviet is also laying claim to the department store, making reference to the fact that it is built on city land. This argument, it seems to me, is more convincing, but the decision does not depend on us. We are now awaiting a republic law on privatization; it alone can resolve the dispute. But one way or another we are firmly resolved to acquire full economic independence and operate at our own responsibility and risk. I am convinced that the buyers will win from this.

## PERSONAL INCOME, SAVINGS

### New Shareholders Union Vice-President Interviewed in Moscow

914D0196A Moscow TORGOVAYA GAZETA  
in Russian 11 May 91 p 1

[Interview with Yu.K. Tvidiani by TORGOVAYA GAZETA special correspondent A. Rivkin: "Shareholders of the World Unite!"]

[Text] The constituent congress of the union of joint-stock companies and companies with limited liability has taken place in Moscow. The congress approved the charter and elected the leading organs of the union and a president—the vice-chancellor of the Management Academy, A.G. Porshnev. The union's vice-president and general director, Doctor of Economic Sciences Professor Yu.K. Tvidiani, talks about the aims and tasks of the new union.

[Rivkin] As a concept, "shareholders" is only just returning to the vocabulary, and now we have a union of shareholders. Is this not somewhat premature?

[Tvidiani] In January of this year 1,200 joint-stock companies were operating in the country in one form or another. And there is no doubt that the more intensively the country's economy switches to the market, the more enterprises will become joint-stock companies.

The founders of our union include both large joint-stock companies and concerns and small enterprises. Let me name several of the large and well-known ones: the Moscow Ventilation Plant (Moven), the Leningrad Stock

Exchange, the Novokuznetskiy Agroindustrial Combine, and the Mezhnunarodnaya Kniga [International Book] Association.

[Rivkin] What has caused the need to create the new union?

[Tvildiani] Like any other business, the new form needs serious support. The more so since the rights of shareholders are encroached upon in many legislative enactments. This applies primarily to taxation. This is why the union has set as a priority the defense of the interests of joint-stock companies and limited liability companies.

[Rivkin] What is the difference between these two kinds of companies.

[Tvildiani] In a joint-stock company tens or thousands of people who acquire its shares become part-owners of the property. Here, the nominal price of each share is announced and this gives the right to a certain percentage of the dividends.

A limited liability company, however, is as a rule a closed company. It is founded by several legal or physical entities or organizations. Shares are not issued—this is written into the charter—and dividends are not paid. Profit is distributed in proportion to the share contributions made. Hence also the difference in the system of management: in a joint-stock company all executive power is accountable to the shareholders, but in the latter case the founders decide all matters and problems independently.

[Rivkin] What are the circumstances in which joint-stock companies are set up?

[Tvildiani] As a rule this happens at large enterprises when the creation of a joint-stock company pursues the goal of attracting additional capital. If the collective at a department store, for example, wants to become a joint-stock company it should consider many circumstances. Given a certain value of fixed capital, as a rule the department store will need capital repair. Usually there is no money for this. Then, if they issue shares for an amount equal to the value of the fixed and circulating capital of the department store but sell them only to members of their own collective, this creates a closed joint-stock company. But if they want to attract additional capital then a nominal fund is decided upon in a larger amount and some of the shares are sold freely. In this case the attraction of additional capital justifies the creation of an open joint-stock company.

[Rivkin] It is suggested that denationalization is affecting primarily the trade and services sphere, is this not so?

[Tvildiani] Quite correct, and it is for this reason that it makes sense for trade enterprises to join our union as quickly as possible. In the trade sphere there are many

"houses of trade" that are joint-stock companies. They also include the capital's State Department Store [GUM], where, in addition to its workers, dozens of other enterprises have a share in its nominal fund. They include houses of trade in Tomsk, Lvov, and other cities. Many limited liability companies are also being set up.

The creation of joint-stock companies in trade has its own special features. In trade, the proportion of circulating capital is very high. Whereas overall, for example, the balance sheet value of fixed capital in trade is 16.4 billion rubles [R], circulating capital exceeds R37 billion. So the question of circulating capital itself, whose average share in trade is still only 50 percent, becomes pressing. All the rest must be obtained from the State Bank in the form of loans, but the interest rate is still so high that not every enterprise can sustain it. But since it has large industrial enterprises as its own part-owners, a joint-stock company in trade can achieve a level of as much as 80 percent of its own circulating capital and then has no need at all of bank loans.

[Rivkin] What are the complexities that await trade enterprises that want to become joint-stock companies?

[Tvildiani] Those collectives that intend to purchase their own enterprise will encounter the following problem, for example: in trade the production and social development funds from which the cost of startup capital might be partially drawn are very small. Of course, with the introduction of the new pricing, the formation of income for trade enterprises has somewhat improved. But not enough to get by without additional capital from the founders. Consequently it is necessary both to loosen the purse strings of each member of the labor collective in order to buy the enterprise, and attract assets from rich co-founders from industry.

[Rivkin] So how will the new union help the shareholders on their difficult path?

[Tvildiani] Our first practical steps are to set up a training and consulting center where economists, bookkeepers, and enterprise managers will be trained. We will also be publishing reference and methodology literature, of which there is now a palpable shortage, and will be producing sets of the documents needed to set up joint-stock companies. We will also be creating our own data bank; who has surpluses, who is working on what product, what technical innovations are being introduced.

[Rivkin] Who can become a member of the union?

[Tvildiani] Not only joint-stock companies and limited liability companies, but also collectives that are still only thinking about becoming such may be members of the union. The fee for joining is R5,000 for small enterprises, R10,000 for medium-size enterprises, and R15,000 for large enterprises. The contact telephone number in Moscow is 261-82-93.

## ENERGY COMPLEX ORGANIZATION

### Armenian Decree on Atomic Energy Plant Construction, Use

914E00864 Yerevan GOLOS ARMENII in Russian  
20 Apr 91 p 1

[Decree of the Supreme Soviet of the Armenian Republic "On the Procedure for Reaching Decisions on the Operation of the Armenian Nuclear Power Station and the Construction of a New Nuclear Power Station"]

[Text] The Supreme Soviet of the Armenian Republic decrees as follows:

The decision on the operation of the Armenian Nuclear Power Station or the construction of a new nuclear power station will be made purely on the basis of a referendum in the Armenian Republic.

[signed] L. Ter-Petrosyan, chairman of the Armenian Republic Supreme Soviet.

A. Saakyan, secretary of the Armenian Republic Supreme Soviet.

17 April 1991, Yerevan City.

### Nuclear Power Plants Threatened by Mining Area Subsidence

914E0086B Moscow TRUD in Russian 15 May 91 p 3

[Report on interview with Candidate of Geographical Sciences T. Denisov and Candidate of Geographical Sciences B. Kochurov under the rubric "On Our Fragile Planet": "Going to Hell"]

[Text] Suddenly an oil derrick just disappears into the ground totally. Or a lake appears in some settlement. Even more unexpected, in an area distant from any volcano the land gapes open and a house falls into it. The press is reporting these kinds of cataclysmic events now and again.

"There is nothing mysterious here," they reassured me at the USSR Academy of Sciences Institute of Geography. "These are phenomena that can be explained by science."

"All of mankind is 'to blame,' or, more accurately, anthropogenic activity," says science associate at the institute, Candidate of Geographical Sciences T. Denisov. "It has been noted that these kinds of misfortunes are watched for most often by people living in areas where there is intensive recovery of ores, coal, and other minerals."

"In the Donbass, Kuzbass, and Moscow coal basins and in many other places the ground has been 'eaten away' by multilevel, ramified labyrinths. In accordance with the laws of elementary physics, millions of tons of mass are trying to fill the cavities formed, representing millions of cubic meters in operating and old mines. Hence the ground movements. With all the consequences typical of

earthquakes—faults are formed, lakes appear, buildings disappear into the ground or at a minimum are cracked."

[Yurchenko] It must be admitted that it is difficult to agree with such a cause-and-effect phenomenon just like that. A mining corridor within a huge mass of rock is like a needle puncture in a flower pot. The plant will not be disturbed if such a puncture is made. And mineral workings are hundreds of meters deep. Suppose there is a cave-in in a mine, does not the wave travel to the surface and the ground seal itself because of the friability of the ground?

[Denisov] Let me remind you that the mass exerting the pressure contains colossal energy, and with each meter of depth it grows in geometrical progression. An earthquake is primarily a release of energy.

And then, in some areas minerals are recovered using a combined method, namely, by deep mining and strip mining, as, for example, in Kazakhstan. Whereas the former involves dispersion of compression, the latter produces tensile energy. Thus, because of the change in settled "routes" for the redistribution of energy, the thrust of the force lines may coincide. And then you have an earthquake. We call this induced.

The further the workings extend, the more intensive these phenomena are. For example, last year in Western Siberia, on the middle reaches of the Ob River, which would seem to be an absolutely favorable region, two bursts of seismicity measuring six on the scale were recorded. In the Donbass force three and four earthquakes have been felt. I could continue with such examples...

[Yurchenko] So does this mean that it is just as dangerous to live in places where minerals are being recovered as it is in the Kurils or Tajikistan? I ask my second interlocutor, senior scientific associate at the institute, Candidate of Geographical Sciences B. Kochurov.

[Kochurov] The destructive wave traveling from the epicenter of induced earthquakes is not propagated as far as natural subterranean tremors. Nevertheless, raw materials have now been intensively recovered for decades, and serious steps must be taken to prevent the consequences of ground movements. In the cases mentioned in Siberia, pipelines were ruptured. It was only a miracle that there were no fires and explosions. But if they recur, it will again be a major misfortune.

The problem is also serious because seismic movement may reach sites where nuclear power stations, hydroelectric power stations, stores of explosive materials, and so forth may be located. If we talk about the Ukraine, for example, the probability of a "hit" is extremely high. The republic's territory is honeycombed with hundreds of quarries, and below ground the rich mineral deposits are dotted with mines. And on the surface there are several nuclear power stations located, as ill luck would have it, on geological faults sensitive to ground disturbances. Moreover, there is a dense network of oil and gas

pipelines here, including mainlines. On the Dnepr there is a cascade of hydropower stations. Well, one never knows, perhaps one of the dams will be broken.

[Yurchenko] Evidently the suggestion is that at sites where mineral recovery is carried on, earthquake-proof structures should be built, and old structures reinforced, and some kind of "rubber" pipes be laid in dangerous places. But the basic measure—to halt recovery—is inconceivable. What, in your opinion, should be done?

[Kochurov] Before talking about anything specific we must recognize that destruction of the upper layer of the ground is quite a major factor capable of exerting an

effect on the emergence of ecological catastrophe on enormous, if not global, scales. So before cardinal measures are implemented I suggest that we might start to develop new technologies for the rational utilization of natural resources, and reduce the requirements for them and increase efficiency in their use.

I understand that this proposal sounds too general, but you can hardly expect more from a geographer. I am sure, however, that even this could turn aside potential catastrophe. And then, you see, our descendants will have something more substantial, and mankind will acquire solid ground for itself. And the land will not disappear from under its feet.

**RADYANSKA UKRAYINA Editors Decry Strike Damage**

914F0208A Kiev RADYANSKA UKRAYINA  
in Ukrainian 18 Apr 91 p 2

[Interview with Leonid Berland, vice-chairman of the Kiev strike committee, by N. Tymoshenko, and commentary: "The 'Benefits' of the Strike"]

[Text] From 7:30 AM on April 16, people in Kiev were crowding at trolley and bus stops. Having lost hope of getting to work by public transport, they tried to catch taxis or private cars. Whoever succeeded in doing this got to his place of work for a mere ten rubles. And those places of work included hospitals, schools, daycare centers, industries with continuous production.

This was the beginning of the "All-Ukrainian strike for the defense of workers." On the eve of the strike, our correspondent met with the vice-chairman of the Kiev strike committee (new name—"Committee for the Defense of Citizens' Rights"), Leonid Berland, and asked him a few questions.

[RADYANSKA UKRAYINA] Leonid Semenovich, you are again inciting workers to a political strike. Will this not be a repeat of the strike of October 1, 1990?

[Berland] The strike of October 1, although proclaimed all-Ukrainian, in Kiev turned into a demonstration and meeting held beside the Supreme Soviet of the Ukrainian SSR and brought no practical results. But even after October 1, the formation of strike committees continued at places of work and organizations, and by November, about 60 enterprises in Kiev had strike committees. That is how we formed the "Committee for the Defense of Citizens' Rights," which is now attempting to wage a more organized strike. The reason for the strike is that people are driven by the draconian prices to despair, to begging. The authorities have stuck their hands into people's pockets without asking their permission, promising a totally different standard of living than what actually exists, promising complete compensation. The miserable compensation of 60 rubles can only be regarded as a joke. So people are not afraid to take part in a strike. In the last week, some people have even had to be held back from spontaneous action. People have got beyond meeting-style democracy and have realized the inevitability of taking other kinds of action, rejecting fear, uncertainty and concern about their own interests.

[RADYANSKA UKRAYINA] And how do you plan to carry out this action?

[Berland] First, I want to stress this will be an indefinite strike. On the morning of April 16, we will call people out to Independence Square, where they will be presented with a clear and comprehensible question: what they will be doing and how, how to organize strike committees at places of work, what legal protection they are guaranteed, how to put forward their demands, how

to formulate them, etc. Groups will be sent with representatives to places of work. According to our plan, the strike will be begun by a number of tram and trolley bus garages. Maybe some taxi garages will join in; some autobus garages promise to support us. If we succeed in paralyzing the transport of people to work, you understand how this will help the strike. We are aware that this action will have undesirable economic effects, but who considered us, our parents and children, when they raised the insane prices?

[RADYANSKA UKRAYINA] Do you have plans for any coordinated actions with other regions of the Ukraine?

[Berland] Of course we are in constant contact with other regions of the republic. For example, Donbas has no need to join us; we're the ones who should be joining them. On Monday, April 15, one day before the beginning of the strike, a meeting took place in Lvov of representatives from the Lvov, Ivano-Frankovsk and Ternopol oblasts. One of the main questions discussed was support for the strike.

[RADYANSKA UKRAYINA] Leonid Semenovich, is it really necessary to resort to strikes? Is it not possible to resolve problems through other, more 'peaceful,' methods?

[Berland] The point is that at present the robbery of the population has become legalized. What was brought in with the increase of prices was not market conditions or even an approach to them. If a person is being robbed on the street, he at least can turn to the legal and judiciary bodies. In this case, there is no point in turning to them, because the USSR Constitution does not provide for protection against robbery by the state. We have become beings deprived of rights and protection. So the strike is our only possibility, our only hope.

**EDITORS' COMMENTS:** "If we succeed in paralyzing the transport of people to work, you understand how this will help the strike. . ." This is the rather cynical comment of the representative of the citizens' defense committee. Against what are we all to be defended? Against the right to travel to work for 15 kopeks (although it would be nice if it were five kopeks). And what if someone needs to go for medical treatment, or has to cancel an appointment? Or if someone decides to go to October Revolution Square in order to join the strikers?

We justifiably complain that over the seventy-year history of our country, we have often been left without the right to choose. The freedom of choice was conceived as a thought-out (by somebody else, not by us) necessity. So why are the new defenders again attempting to dictate to us their understanding of the freedom of choice?

True, the two- or three-fold increases in prices have hurt pocketbooks, not only of those who as it was were only barely able to make ends meet, and there are many more such people than the Union government seems to think.

They have also hurt middle income earners. There is no doubt that the government is attempting, at our cost, to pull the economy out of the abyss into which it itself has pushed it through its unwise actions.

This is all true. But is striking the way out? At a time when the republic is already squeezed in the claws of economic crisis. The things we fail to produce today cannot be compensated for out of the Union pocket. First of all, that pocket is empty; second, if we want to live in a Union of sovereign states, we must also look after the economic equivalent of sovereignty. On the day of the strike, speaking to the session of the Supreme Soviet of the Ukrainian SSR, the Chairman of the Council of Ministers of the Ukrainian SSR, V. P. Fokin,

stated that: "both the people and the government of the Ukraine are presently on the same side of the barricade."

The large majority of people understands this and supports the efforts of the government and political organizations to minimize as much as possible the impact of the price increases. For this reason, the strike did not reach the proportions expected by the organizers. In fact, apart from the transport sector, few people in Kiev supported it.

On April 17, to take people to work from the distant suburbs of the capital of the Ukraine, unofficial drivers were demanding not ten, but thirty rubles.

## MOTOR VEHICLES, HIGHWAYS

### Gorkiy Auto Plant Production Problems Scored

914H0159A Moscow *IZVESTIYA* in Russian  
11 May 91 Union Edition p 2

[Article by *IZVESTIYA* special correspondents A. Yershov and V. Romanyuk: "Two and a Half Billion Buried in the Ground: The Difficult Life of the New Production at the Gorkiy Automobile Plant"]

[Text] At the Gorkiy automobile plant [GAZ] we were shown a pretty film on testing a new diesel truck for a tractor-trailer unit. It can climb mountain slopes, it can crawl across a desert, it can break through snow drifts. The film was shot in 1984 and it ended with a cheerful promise: the country will have the new diesel truck in the 12th five-year period.

We are now living through the 13th five-year period, but we do not have the new diesel truck and nobody knows when we will have it.

In the shops we saw a lot of equipment which was installed but not adjusted; it was not even guarded properly. An entire bay had lines installed in it that had been supplied by the Moscow machine tool building factory imeni Ordzhonikidze, but two lines were still missing and the technological chain remained incomplete. Heat-treating furnaces from Kurgan were delivered on time but they spent who knows how much time out in the open air. Recently they were dragged into the shop—they were rusted through, with dented housings, but still they could not be installed because the foundations and feeders were not ready yet.

Such "loose ends" are hanging almost everywhere. But readiness is much higher in the old shops that are under reconstruction now, and are furnished with what can be called double-use equipment. We were impressed by the brand new machines in pressing shop No. 2—they are producing 600 to 700 parts an hour! They started over a year ago; however, they are only working at 30-percent of their capacity. Most of these parts should be sent to the diesel generator shop but the shop is not too eager to get them. Why so?

We heard from many people that the plant has rotted through in the half century during which they tried to squeeze everything they could from it without making any new investments. It required urgent reconstruction and this was done in the old shops. But at the same time their concrete goal—the diesel truck—disappeared into the woodwork. They are successfully producing the "intermediate" model with a new cab and an old engine. It seems that everybody feels comfortable with the "hybrid." But what will happen to the diesel truck?

The diesel generator shop impresses one by its dimensions. But only 70 percent of the floors have been put in place, the shop is drowning in mud, and the first thaw caused leaks in the poorly fixed roofs. Fifty percent of

the foundations for the automated lines have not been built yet. Some 190 million-worth of equipment is either in storage or simply in the open air. Five hundred containers sent by the Italian firm Komau [as transliterated] have been waiting to be installed for half a year already.

There are remarkably few people in the shop. Only at the site of small cast iron parts were concrete workers from a contracted organization starting to fix the floors.

Neither were there any people in the bay of the future fifth assembly line where the diesel trucks will be assembled. Only units of the future floor-type conveyer were heaped there. Some of the builders sent here to fix all the defects were peacefully playing dominoes. We asked them when they thought the work would be completed. "If it goes at this rate," they said, "by the year 2000, not before."

The GAZ situation may be explained to a large degree by the unstable situation in our country, by the breakdown in administrative links, and by drops in production everywhere. At the manager's office we were shown a whole bunch of telex messages addressed to central agencies, ending with the USSR president. What was in them? One of the telegrams said that the state order to create new capacities could turn into a failure. The situation was caused by the lack of manpower and material resources at the sites, there were no assigned suppliers of rolled metal and tubing; large quantities of engineering equipment were missing, including about 2 thousand pumps. Numerous appeals to the USSR State Committee for Material and Technical Supply [Gosnab] did not bring any results.

"At our present rates," thinks A. Kolykhalov, head of the GAZ administration for capital construction of buildings and structures, "our capacities may become operational as late as in 1992 and at full volume—in 1993. To start operations as planned we have to accelerate our rate twofold."

Easier said than done. The following facts may serve as eloquent proof of how "serious" the intentions of the construction managers are: this enormous site does not have a single changing room for workers, a single toilet, a cafeteria, or even a snack-bar. It seems that they are doing their best here to postpone the starting time for the new capacities. Some one billion rubles' [R] worth of equipment is in place, and R400 million more is stored in warehouses. Making this quantity of new funds operational would double the GAZ capacity. As estimated by A. Novikov, deputy general manager for economic issues, when introduced the new capacities should make the output to capital ratio drop from R1.20 down to R0.49 per R1 of capital. The specific nature of introducing new items in our country is such that almost always we have to start by incurring losses: A new model of the Volga car, a new children's bicycle is always produced at a loss. So, what will happen in case of the diesel truck? Producing it under the conditions of a

market economy threatens the plant with bankruptcy. Therefore, they are trying to postpone "the joy of starting operations" as they think about the high possibility of financial problems.

The GAZ management categorically denies this. But the logic of their actions allows us to make this very conclusion. It is all the more true because the design estimates clearly failed to be realized. It was planned to produce 10,000 diesel trucks in 1988 and 30,000 in 1990 which would have brought R200 million in profits. The plant obtained R900 million in credits on the new automobile and it is not clear how it is going to pay them back. The idea was: we will make the diesel truck and repay the credit. But the inflation "enveloped" the prolonged construction: the financing deficit reached R300 million in 1991. According to GAZ chief production engineer Yu. Starostin, the costs of completing the installation and equipment have grown 2.5 times compared with the initial estimates. Machine tool producers demand payments in hard currency only. The total increase in the cost of reconstruction work on the overdrawn production of diesel trucks has reached R747 million. To this you should add the moral aging of the automobile itself. A steep increase in the cost of diesel fuel totally eliminates any estimated profit from using the truck in the national economy.

The construction has already cost our country R2.5 billion. Another billion still has to be invested in it. But even after that, will our national economy get a reliable and durable truck that can be used as part of a tractor-trailer unit? Experts are still arguing about how successful the design is; it uses air cooling while most of the automobiles in the world use fluid-cooling.

The GAZ designer, candidate of technical sciences K. Gorbunov, called our editor's office: a diesel truck with air cooling, he said, is an automobile without a future. Locking the stable after the horse is gone, as they say, but it seemed to us that K. Gorbunov sounded sensible as he talked about the low competitive qualities of the truck (excessive fuel consumption; smaller front axle loads compared with similar Western vehicles). Some of this, by the way, was confirmed during our meeting with the GAZ chief designer, Yu. Kudryavtsev. Yuri Vladimirovich explained to us that the plant had selected a flexible technological flow sheet, and diesel trucks made up just one fifth of the volume of automobile production. Depending on the needs of the national economy, they will be producing trucks running both on gasoline and compressed-gas.

"Our country needs the diesel truck," says the chief designer firmly. "It is suited to village needs better than any other; besides, it has been designed to the order of village workers."

It is true that numerous wishes of farmers were taken into account during the design finalizing stage. They led to the introduction of a light on the side, allowing work at night; a deflector was added on the side, which helped

to diminish sharply the losses usual in field loading; the rear view window was made larger; a rear axle differential blocking system was added also.

However, the truck could not compete with Western counterparts. Unexpectedly, there emerged the issue of how environmentally safe the diesel truck was. USSR People's Deputy I. Bogdanov even made inquiries at the RSFSR [Russian Soviet Federated Socialist Republic] State Committee for Protection of the Environment [Goskompriroda]. The response was signed by V. Grach, deputy chairman of the committee, and it read as follows: "The final decision on the feasibility of the diesel production construction will be taken by the city soviet after it considers the results of the experts' analysis." Then it says that in case no clearing papers are presented the construction of the complex... "will be suspended."

All this talk about the advisability of producing diesel trucks for tractor-trailer units may seem pointless. One may say: there is nowhere to retreat, the start of operations is ahead of us! But after we visited the site, our conviction grew stronger: nobody needs the Nizhniy Novgorod diesel today. As the construction approaches the start-up date, it seems to stumble on something and starts spinning its wheels.

All construction sites, even those of the stagnation times—from VAZ to KamAZ, resembled a battlefield during the starting period. That was understandable: immense expenditures had to be transformed into goods needed by our country as soon as possible. But here, the nearer the starting time, the quieter the place is. The automobile engine plant manager, P. Smirnov, gave detailed explanations of why it was impossible to start operations in the near future. The main air ducts were not installed, 120 kilometers of air and coolant pipes and 400 kilometers of cuttings disposal conveyors were missing. Finally, the start of operations could be postponed because the power plant and purification installations may not be ready.

Our idea came back again: they seem to revel in the impossibility of starting the new complex. Or maybe they are looking for a reason to postpone the starting date even more because production will be fraught with losses for the plant, if not bankruptcy. But even this is not the main thing, after all. The main question is—does our country need the diesel truck?

### Tavriya Production Highlighted

914H01604 Kiev *PRAVDA UKRAINY* in Russian  
1 May 91 p 3

[Article by Svetlana Tarnavskaya, *PRAVDA UKRAINY* special correspondent: "Tavriya—Our Dream"]

[Text] Zaporozhye—"Development of the design, production processes and the organization and mastery of mass production of the Tavriya family of highly efficient cars at the Zaporozhye Kommunar Works"—thus the USSR Ministry of Automotive and Agricultural

Machine Building submitted the body of work involved in designing a native car to compete for the USSR State Prize. There are no ministry and department workers among the possible prize winner candidates, as occurred previously. There are only those Kommunar workers who made the greatest contribution to the Tavriya's birth—"the first truly modern automobile from the East," as the French magazine AUTOMOBILE wrote about the Zaporozhye people's offspring.

The competitors for the USSR State Prize were determined not at the top but at the works. Meetings took place in Kommunar sections, shops and House of Culture where candidates and prize winners were nominated and reviewed. The association's scientific and technical council summed up the final result. Three shop chiefs were rejected as a result of a secret ballot but S. I. Kravchun, AvtoZAZ [Zaporozhye Motor Vehicle Works] Production Association general director; M. A. Gerasko, chief engineer; Yu. S. Kutumov, leading designer; A. P. Dotsenko, test driver; L. N. Dremov, metalworker-tool maker; A. S. Nazarenko, chief industrial engineer; and S. N. Glushak, former Melitopolskiy Engine Works chief engineer, received a big preference.

V. P. Steshenko, who has been nominated for a posthumous award, is especially mentioned in the list. He died several weeks ago of an infarction at 53; 30 of these years were spent at Kommunar. V. P. Steshenko can be called without exaggeration the Tavriya's main creator. He was the first in the country to propose the idea of designing a front-wheel-drive passenger car, having worked out the concept for one in 1961 in his candidate's dissertation. More than 20 years, however, were required to convert the cherished dream into a reality. Our story concerns several moments in the past, present and future of the Tavriya's difficult fate.

#### **Yesterday: From the Workshop to America**

Stepan Ivanovich Kravchun has worked 32 years at Kommunar. He began as a metalworker, climbed all the rungs of the long service stepladder, defended his dissertation, and for nine years has been the general director of the AvtoZAZ Production Association.

Seven years ago, S. I. Kravchun traveled to Moscow to get a price reduction for the new Zaporozhets ZAZ-968M (there was such a thing!). They were being accepted poorly and the plant was on the verge of shutting down. When the country's government discussed the fate of these vehicles, it recalled that preparations for the production of fundamentally new front-wheel-drive cars was taking place in Zaporozhye. The task, however, was proceeding very slowly. It was clear that the Tavriya would not see the light of day for a long time without help at the highest level.

After four years, a plastics shop and a body welding shop were started up at the works. The first Tavriyas came off the assembly line. Quite a bit has been written and said about the new car's advantages. Therefore, I will not dwell on this. I will just say that only one license—for a

diaphragm clutch—was purchased abroad for its production. They accepted this one because they also sold equipment for it. Thus, the Tavriya is the only "pure" Soviet car. Its creators have to their credit 61 inventions, of which 42 have been patented abroad. The model complies with the requirements of the UN European Economic Commission and the standards of the Common Market countries. They confirmed the work to give the vehicle a new lease on life at the Yu' AK motor vehicle testing ground in France. The geography of export deliveries (25 percent of the Tavriya's total production volume) now includes the countries of North and Latin America, West and East Europe and Asia. Those wishing to acquire it are becoming more and more numerous.

Enormous difficulties for the automotive builders lie behind the outward picture of success. S. I. Kravchun says: "Theoretically, it is impossible to produce the Tavriya under our conditions. The assembly of both the Zaporozhets and the Tavriya take place on one line because of a shortage of space. However, our skilled craftsmen found an original solution for isolating the flow of the old and new vehicles. Work is progressing, and we are increasing production."

The increase in production volume became possible due to the establishment of an association of Tavriya producers during May of last year. It now includes 43 enterprises in the Ukraine and Russia who have taken upon themselves the production of an enormous product list of component parts (receiving finished cars in accordance with their contribution). This has permitted more than 500 people and 2,500 square meters of production area to be freed at Kommunar and even allowed one to breathe a little in the cramped quarters of the works' old buildings, which are more than 100 years old.

The establishment of an association is a path along which the world's leading automobile firms are traveling, concentrating only large-scale production and assembly at the leading enterprises.

#### **Today: The Assembly Line's Black Holes**

AvtoZAZ will annually produce 500,000-550,000 cars a year in the future. The construction of new buildings is taking place several kilometers from Kommunar. However, there is still a long way to go. Today, one has to wait in line for a long time for the Tavriya which is desired by millions of automobile enthusiasts.

I asked O. Kh. Papashev, AvtoZAZ chief designer, why fortunate owners are nevertheless complaining—is the vehicle "half-done?" Oleg Khayrulovich objected that it has practically no design defects. However, the materials, components and metals, which go to produce the Tavriya, frequently do not stand up to criticism—yes, and there are enough of them—especially concerning the sheet steel. "If they gave us the opportunity to assemble the vehicle from imported materials, there would be no price for it!"

## TRANSPORTATION

They assemble from what exists—yes, and with great torment. Miners go on strike—a shutdown also threatens the association. At Zaporozhstal where two blast furnaces are already idle, they are rescuing their fellow countrymen—the Kommunar people—by making refined pig iron for Avtotsvetlit... by hand in a ladle.

A jerky rhythm reigns on Kommunar's main assembly line. V. D. Antoshechkin, assembly production chief, said: "Only 400 engines remain. There is also trouble with the sheet metal. How many holes there are on the assembly line—bodies are not coming from the welding shops. We should assemble 500 Zaporozhets and Tavriya a day but only 40 vehicles came off the line by the end of 12 days. The second shift will throw 100 Tavriya bodies—a mad race will begin—but will there be quality?"

Even Kommunar's most modern and fully automated shop—the one for welding Tavriya bodies—is on starvation rations. The Kuka firm's robots, which were expected to produce 600 bodies a day, have been idle. The shop has hoisted barely 150-200 bodies "to the surface." Thus, how many cars will not reach buyers?!

Nevertheless, AvtoZAZ is not ruining the plans—the year's first three months have been carried out ahead of schedule—however, with what enormous strain!—the workers often catch up on Sunday.

P. M. Overko, the finishing shop foreman; A. A. Shaparnyy, a testing shop metalworker; A. A. Nechet, the scientific technical information department chief; and many others, with whom I had occasion to talk at Kommunar, said: "Of course, it is difficult now. However, what's the use of complaining and swearing at everything in succession. It is necessary to work."

### **Tomorrow: A Parade of Beauties**

The vehicle's future is really good. One can be convinced of this in the association's design center where models of motor vehicle equipment, which AvtoZAZ will develop before the year 2000, are shown. True, practically all of them are made of plasticine but they are life-size with real wheels and windows—such are the toys of professionals.

The future is machined and polished in the tireless research of Yu. S. Kutumov, the leading designer, and his colleagues; in the strenuous work of A. P. Dotsenko on the testing ground; in the striking drawings of the young artists; and in the accurate calculations of the designers and product engineers who use the most modern automated designing systems, computers, and plotting devices—and even old good Kuhlman drafting units—in their work. The future is acquiring real form under the golden hands of L. N. Dremov and V. Ye. Nadzhos and A. A. Shaparnyy, testing shop metalworkers. There are very many young specialists here also.

The ZAZ-1105, a five-door version of the Tavriya, has already been put out for production preparations. Not only an elegant external appearance but also a substantial modernization of the main assemblies with reverse standardization, i.e., elements of the five-door version of the car are also used in the three-door Tavriya. Production of the "fiver" will begin in 1994.

Based on these developments, models of a four-door version of the vehicle (on the left—one side door, on the right—two, and one rear door) already exist. This year, models will be prepared and in a year and a half the four-door three-capacity car, the ZAZ-1103 (with a trunk separate from the interior) will be put out for production preparations. During these same time frames, production preparations of a minivan for seven-eight people will start. One of its versions is a camper. A Tavriya with places for six-seven people is also being developed. The first Tavriya batch with right-hand drive will arrive in England this year. The Pingvin-Tavriya, an electric automobile produced in Zaporozhye, has already appeared on Switzerland's roads. Three modifications of the Tavriya are being developed for disabled persons.

For the more remote future, there is an automobile that is streamlined in form, swift and elegant. There are, of course, also secrets which are not being shared. In general, however, this is an impressive parade of genuine beauties designed by the Zaporozhye car builders. One hopes that they will find a much happier fate than their today's predecessor.

### **Parts Supply Shortages Hamper Tavriya Production**

914H0156A Moscow *IZVESTIYA* in Russian 6 May 91  
Union Edition p 1

[Article by S. Troyan and V. Filippov, *IZVESTIYA* correspondents: "From The Production Line to the Warehouse: Why Tavriya Automobiles Are Not Appearing in Stores"]

[Text] Zaporozhye—Fate, alas, is cruel: V. Steshenko, the 57-year-old chief designer of the AvtoZAZ [Zaporozhye Motor Vehicle Works] Production Association, died from an infarction several weeks before the meeting of the Ministry of Automotive and Agricultural Machine Building scientific and technical council's meeting during which they nominated the Tavriya for the USSR State Prize Competition. For Vladimir Petrovich, this vehicle was the main pursuit of his life. The first experimental models of a front-wheel drive minicar were built at the Zaporozhye Motor Vehicle Works during the Seventies. The path of this new item to series production, however, turned out to be a long one: it was only in 1982 that the works was able to begin active preparations for its production, and the serially-produced Tavriya came off the production line five years later. However, if one considers the sluggishness of our economy, the mastering of the ZAZ-1102 model, which is a fundamentally new one for the Soviet automotive industry, is not

so great—although, on the other hand, it was quite sufficient for the Tavriya to fall behind many cars from the world's leading firms, with which it had been considered an equal at the beginning of its life. It is interesting to see how it ranks in world tables today.

O. Papashev, chief designer of the AvtoZAZ association (he is a student of V. Steshenko), replied: "According to the majority of consumer qualities, our Tavriya is equal to foreign analogues. It has a spacious interior. It is stable on slippery roads, is easily controlled and is economical. Fuel expenditure is only 4.6 liters per 100 kilometers at 90 kilometers per hour and in city traffic—6.8 liters. Thanks to dual braking circuits, the vehicle is safe because the necessary braking efficiency is maintained when one circuit fails. The major overhaul period of the Tavriya is 130,000 kilometers and the guarantee period against rust-through is six years. The ZAZ-1102 model has become the basic one for a large family of motor vehicles: station wagons, several models for invalids, automobiles with 'deluxe' improved consumer qualities, and a modification with the steering located on the right. Using the undercarriage and power unit, we have designed a five-door version and a version with a body that has a separate baggage compartment.

"On a testing ground in France, our automobile successfully passed a test for conformity to the requirements of the UN European Economic Commission and the standards of the 'Common Market' countries. In addition, the power unit underwent a large number of tests using the Porsche firm's procedures. The results evoked quite a bit of interest in our automobile among foreign business owners. Last year, the Tavriya participated in the Paris and Belgrade car shows where it received high marks. In particular, the AUTOMOBILE French magazine described the Tavriya as the 'first genuinely modern motor vehicle from the East which will have to be concerned with the cruel realities of the Western market.'"

"What is this 'cruel reality' Oleg Khayrullovich?"

"We are exporting the Tavriya to France, Switzerland, Panama, Turkey, Yugoslavia, Poland, and Bulgaria. We are planning deliveries to Hungary, the Czech and Slovak Federal Republic and England this year. Working with the Swiss firm (Fridets Solar AG), we have arranged for the production of an urban electric car using the Tavriya as a base."

This information, however, did not smooth over all of the anxieties caused by what we had seen on the way to the chief designer. We had seen factory areas densely covered with hundreds of automobiles. Why the devil does this very scarce commodity remain here and not in the store? What is hindering the circulation of money? As it turned out, mismanagement, which sets one's teeth on edge, is hampering it. This time, the Shadrinskiy Unit Plant had distinguished itself—it had disrupted the delivery of heating units. In turn, they had failed to deliver rust-proofing from Chelyabinsk to it. As a result,

more than 2,000 unfinished vehicles filled the territory of the Zaporozhye Motor Vehicle Works to overflowing.

The attitude of the factories producing parts and of the central departments to an association, which was able to arrange for the production of a competitive automobile under the conditions of the economic dislocation, is startling because of its casualness. The main conveyer of the motor works was halted at the beginning of February: the sheet steel was used up. They had received 70 percent of the requirement from abroad—these were planned state purchases. However, as is known, the state is running short of hard currency. They hurriedly attached the car builders to the Novolipetskiy Metallurgical Combine whose production, incidentally, was already assigned to other consumers.

S. Kravchun, the general director of the AvtoZAZ association, says: "It was a catastrophe with the sheet metal. We held out for the first quarter only because of Ivan Vasilyevich Frantsenyuk, the Novolipetskiy combine's general director, who treated our problems as state ones. In addition, the presidential decree on maintaining deliveries at last year's level heavily hurt us. This year, we are increasing the production of the Tavriya from 30,000 to 50,000 units and correspondingly reducing the output of the Zaporozhets ZAZ-968M model. The suppliers are saying: your last year's level was 30,000 Tavriya and we will give you that much...."

As is evident, the economic ties, which are centralized through Gosnab [State Committee for Material and Technical Supply], are interfering with the expansion of production. New partner relationships are required for its growth: ones that are free, flexible and strengthened by mutual benefit. No one can impose such relations "from above"—only the producers themselves can get them right. They have tried to do this in Zaporozhye and, it seems, they have succeeded.

S. Kravchun continues: "We have established an association for the production of passenger and special Tavriya cars. The requirements of its charter regarding the fulfillment of contracts and membership are strict. For example, anyone wishing to leave the association must first find a partner, which will make the items we need, to replace it. In return, 50 percent of the increase in automobile production remains at the association's disposal according to the charter. We distribute it proportionally in accordance with how many component parts each association member producers based on the car's wholesale price. Today, the association consists of 43 enterprises in the Ukraine and Russia."

It is characteristic that among the enterprises S. Kravchun mentioned there are military ones whose capacities have been freed as a result of the conversion and who are now eagerly accepting civilian orders. For example, the Zaporozhye Iskra Plant rapidly organized the serial production of window openers and door locks and is getting ready to produce electronic ignitions.

The mutually beneficial cooperation with dependable partners has opened up opportunities for AvtoAZ to increase the output of automobiles: having transferred the manufacturing of items to its partners in the association, the association [obyedineniye] is organizing assembly production on the freed areas. In March, N. Pugin, the minister of automotive and agricultural machine building, issued an order regarding this. It provides for increasing the production of minicars from 150,000 to 550,000 a year. Existing shops will be reconstructed and a second motor works will be built in Zaporozhye to do this.

### **Motor Vehicle Fleet Statistics Cited**

*914H0156B Z4 RULEM in Russian No 1, Jan 91 p 7*

[Unattributed article: "A Few Statistics"]

[Text] According to a tradition that has already taken shape, the USSR State Motor Vehicle Inspectorate has given the editors information that reflects the fleet composition of cars, trailers for them, motorcycles, motor scooters, and cycle-cars in private use. Mopeds, motorized bicycles and unregistered motorcycles were not included in it. The State Motor Vehicle Inspectorate information is as of 1 January 1990. Data on the personal transport asset fleet in the village are given in parentheses.

<b>Cars</b>	15,914,563 (5,378,221)
<b>Including</b>	
ZAZ-965, ZAZ-966, ZAZ-968, and modifications	2,507,367 (866,964)
ZAZ-1102 and modifications	7,473 (920)
VAZ-2101, VAZ-2102, VAZ-21011, VAZ-2103, VAZ-2104, VAZ-2105, VAZ-2106, VAZ-2107, and modifications	6,863,537 (2,119,271)
VAZ-2108, VAZ-2109 and modifications	361,047 (84,488)
VAZ-2121	413,794 (213,874)
VAZ-1111	505 (14)
Moskvich-408, Moskvich-412, Moskvich-2138, Moskvich-2140, and modifications	4,236,494 (1,650,892)
Moskvich-2141 and modifications	54,546 (8,737)
GAZ-24 and modifications	403,538 (94,374)
GAZ-24-10, GAZ-3102 and modifications	62,059 (10,562)
UAZ-469, UAZ-3151 and modifications	65,347 (28,878)
Other models	938,856 (299,247)
<b>Motorcycles, motor scooters and cycle-cars</b>	16,422,161 (8,870,569)
<b>Including</b>	
M-61, M-72, all IMZ models, K-750, Dnepr and all KMZ models	3,054,731 (1,796,711)
K-175, Voskhod and modifications	2,915,443 (1,645,681)
IZh-49, IZh-56, IZh-Yupiter, IZh-Planeta, and modifications	5,309,009 (3,024,065)
Other models	3,641,430 (1,851,484)
<b>Motor scooters and cycle-cars of all models</b>	1,501,548 (552,628)

During 1989, 14,280,194 motor vehicles, including 4,802,207 belonging to people living in rural areas, underwent a technical inspection. A total of 13,191,103 (4,407,771) were in good repair. The number of written-off cars reached 35,407 (14,682) during the year.

The number of transport assets with increased exhaust gas toxicity is causing alarm. All told, 1,267,573, including 787,752 in individual use, were found. In this connection, the operation of 577,765 motor vehicles, including 368,514 in individual use, was banned.

### **Azerbaijan Motor Vehicle Production Snags Detailed**

*914H0161A Baku BAKINSKIY RABOCHIY in Russian 11 Apr 91 p 1*

[Article by Abulfat Gasymov: "Is the First Azeri Car To Be or Not To Be?"]

[Text] The fact that good endeavors and initiatives were not necessarily implemented is one of the reasons for our current, quite profound economic problems. As I see it, the situation which has emerged at the Baku Special Car Plant is a case in point in this sense.

In the late 1970's (prior to this, the plant mainly manufactured spare parts for other Soviet automotive plants), the Baku facility began producing refrigerated trucks which are well known in our republic and outside it. The production of these vehicles was based on the chassis of the PAZ-672 bus produced by the Pavlovo Bus Plant. However, by the end of the 1980's it turned out that there was no real demand for the refrigerated vehicles produced in Baku, and they were gradually losing customers. This is when the concept of developing their own base model for a van appeared. Alas, it did not meet with approval at the USSR Minavtoselkhozmash [Ministry of Automotive and Agricultural Machine Building] to which the enterprise reported. Nonetheless, the enterprise, which was threatened with great economic trouble, began to create a new vehicle, all difficulties notwithstanding.

Babek Zalov, chief of the special design office of the enterprise, said: "The plant itself had to finance all research, development, and design work. The ministry did not allocate a single ruble to this end."

Conditions under which the plant engineers and workers have to carry out their plans leave a lot to be desired. The experimental section resembles a regular repair garage in which everything is done manually. It is hard to believe that a modern car has been created under such crude conditions.

Experimental copies of the new van, with an isothermal body, passed tests successfully, and in December 1990 the vehicle was accepted by the state commission with the grade "excellent." The van was given model number 4706, and its serial production was endorsed.

According to specialist evaluations, on the main indicators the Baku novelty is not inferior to similar products of the world-renowned German concern Daimler-Benz. Here are some of the advantages of vehicles produced in our republic. The body of the new model consists mostly of materials with a future—aluminum sections, laminated veneer, and decorative plastics. As a result, the metal content of one vehicle was reduced by approximately 600 kilograms, which makes it possible to save about 3,500 tons of metal a year. In the process, the payload of the car increased by 800 kilograms.

Here is one more significant peculiarity of the car: it is a base model. This means that various modifications of the van may be manufactured: refrigerator trucks for transporting perishable products, baked goods, and medicines, mobile dental and other medical offices for serving the populace of rural areas, and so on.

In a word, the plant designers and workers have succeeded in creating an original model through incredible effort. It would appear that all difficulties are behind them. However, still more serious problems came to light.

The plant received cabs for experimental models from the Minsk Production Association BelavtoMAZ which also reports to the USSR Ministry of Automotive and Agricultural Machine Building. However, Minsk refuses to provide cabs for mass production. The ministry is not only reluctant to help but also suggests that the plant postpone implementation of new machinery indefinitely.

At present, the enterprise is trying to find a way out of this situation. Together with the Avtodizayn design and production company, it is developing the design of a new cab to be produced in its own facilities. However, additional areas are needed to expand production, and the plant has considerable problems with this. To be sure, they believe that this issue may be resolved given the support of the republic authorities. Like all enterprises, the Special Car Plant also hopes to operate in the foreign market and to generate hard currency. This is not only a romantic dream but a quite realistic and, therefore, attainable goal. The novelty caused a great interest on the part of representatives of many companies from Turkey, Bulgaria, Lebanon, and other countries when it was demonstrated at the Baku business congress last year. However, the use of a gasoline-fueled engine in the design, or more precisely, the absence of a diesel engine which is now recognized to be one of the most economical and effective engines, prevented this interest on the part of foreign entrepreneurs from being translated into advantageous contracts. It is necessary to resolve this issue as well in order to manufacture vehicles which are competitive in the world market.

I will give the following statistics for comparison. Leading Western companies sell similar products for between \$100,000 and \$120,000. In the Soviet Union,

such vehicles have to be sold for so-called "wooden" rubles and several times cheaper.

One thing is clear now. It will be difficult for the collective to carry out its plans without first solving the problems mentioned above. The USSR Ministry of Automotive and Agricultural Machine Building unequivocally made it clear that it will not provide support. This is why the collective attaches its hopes to the Government of Azerbaijan. After all, at issue is actually the first car with an Azerbaijan brand. In addition, funds invested by the local authorities to solve the pressing problems of the enterprise will not be wasted because the plant is located in Baku and once, as they put it, it is on its feet, it will bring the republic considerable benefits.

### Highway System Improvement Examined

914H0162A Moscow *PRAVDA* in Russian 15 May 91  
Second Edition p 3

[Interview with G.I. Dontsov, president of Rosavtodor concern, by A. Nikitin: "A Second Saved Is a Ruble Gained..."]

[Text] What does road "ideology" mean? It may be said that the wellbeing of each of us depends on the development of our highway network, which is an important part of our economic and social infrastructure. How can we make our roads better? This was the question our newspaper asked G.I. Dontsov, president of the new Rosavtodor concern.

[Nikitin] Could you, Gennadiy Ivanovich, assess the development level of our main roads? Do so against the background of other countries, of course, toward which we should direct our market path.

[Dontsov] Automobile highways have a comparatively small length—38,000 kilometers—and they make up a little over four percent of all public roads. But they "carry" four billion tons of cargo a year, which is about 40 percent of all shipments outside cities. The entire railroad network carries the same amount, by the way. But traffic speeds in other countries are two or three times higher than ours. For that reason the conditions for the timely, often on-demand, delivery of goods and produce are better there. We, on the contrary, are incurring huge losses from our roads. So far we know only about the losses caused by reduced speed. By various evaluations they amount to 15 to 30 percent, and we also burn up an additional 1.4 million tons of fuel a year.

[Nikitin] We started increasing the number of automobiles by way of compensating for the poor quality of our roads. That is why we are releasing an extra number of up to 200,000 automobiles into circulation. What does this translate into?

[Dontsov] Highway development in our country is about half a century behind the world level. For that reason we

cannot fully employ the technical capabilities of our domestic- and foreign-made automobiles.

Our international highways also look somewhat pitiful. I am sure that most nonprofessional drivers know them only as M and E codes on special road signs. Some overloaded stretches of these roads hold a kind of "record" in accidents. Seven thousand people are killed on them every year; the number killed on the entire railroad network is 40 to 50 people.

[Nikitin] Why then are our road-building organizations reducing the volume of their work?

[Dontsov] The "ideology" of highway management is at fault here. Mainly it was due to the elimination of the USSR Ministry of Automotive Transportation and Highways. The ministry existed through 1956 and its minister, by the way, was the well-known Ivan Alekseyevich Likhachev. A change in the investment policy followed soon, naturally, and as usually happens in such cases dissipation of capital investments came next. This is the explanation for the fact that in the last 30 years we have not built a single complete transportation route.

[Nikitin] Are there any different examples?

[Dontsov] Yes, there are. Let us take the road Moscow-Kharkov-Simferopol. It was not bad for its time—just after the war. It was built in one year and eight months. Now they are reconstructing the road. Given the present work rate the reconstruction will be over in... 40 years. Our highways are also inferior to foreign ones in the way they are equipped.

[Nikitin] Excuse me, Gennadiy Ivanovich, but we are not talking about some country roads. Some definite officials were behind all this, and they held responsibility for our roads.

[Dontsov] Of course, they were. My memory has preserved the names of seven deputy chairmen of the USSR Council of Ministers for the last 20 years. They are K. Mazurov, P. Shelest, M. Lesechko, K. Katushev, G. Aliyev, G. Vedernikov, L. Voronin. Many of them were "on the down slide" as they say, in other words, just waiting for their retirement. Most of them adhered to the "railroad ideology." People who knew them say that they started their work with problems of railroads and carrier-ministries. They never got down to highways.

[Nikitin] Where do we turn for a solution for this situation?

[Dontsov] I see only one way out: devise a government program for highway modernization and implement it in stages. The total length of roads that need to be built or reconstructed may be about 25,000 to 30,000 kilometers. This is, by the way, three times less than a comparative U.S. program in the 1960's and 1970's.

From the economic point of view, the time has come to realize some of the projects proposing toll roads. The "ideology" of road construction is acquiring more facets

and is becoming more definite. If we analyze the development stages in those countries that were most successful in the postwar period, we will find that in each of them highway development was always done ahead of any other work.

[Nikitin] In other words, a road is synonymous with time?

[Dontsov] Or, rather, with the realization of the true value of time. I tried to compute recently what stands behind a seemingly minor figure of driving each kilometer five to six seconds faster. The savings may be described as astronomical. In other words, a second saved is... a ruble gained.

[Nikitin] Are you sure that these are the ways of realistic advancement?

[Dontsov] Yes, I am. In his speech to journalists, Prime Minister V. Pavlov said that we do not need to make plans in terms of bicycles or tractors but we should plan for interests and results. The government will take 600 strategic programs under its "wing." It would be nice if the State Council for Economic Reform helped to design a government program "Automotive highways—2010."

[Nikitin] But this is future. How can we move nearer to it?

[Dontsov] We have to create a centralized road fund. Most countries in the world have a modern network of highways paid for from outside the budget; they use road user taxes, fuel sales taxes, car sales taxes, etc.

[Nikitin] You do not risk much as you are describing these problems?

[Dontsov] Well, I will take a risk now and talk about the most complicated problem—highway management. Our roads do not belong only to oblasts, krays, and republics, they also belong to the whole country. For that reason they should ensure freedom of transportation for all citizens who live on Union territory, and they should help to preserve the all-Union economic zone. Any interaction between the center and the republics—and that includes road maintenance—should rest, on the one hand, on differentiation between the Union and republic spheres of action and, on the other hand, on the basis of interrepublic agreements, economic treaties, Union and interregional programs, and mutual aid.

Highway management in other countries is realized at government level only. In Great Britain, the United States, the FRG, Japan, and other countries it is done through ministries. Not a single civilized country, even with a well-developed private sector, has renounced centralized management.

[Nikitin] Does that mean there are enough "bureaucrats" there also?

[Dontsov] It is hard to say. Many issues in our countries may be resolved now through coordination. However, I

do not think we will be able to manage without a government organ. It is a different matter that it should be a democratic one, that it should not be given direct administrative functions, and that it should not interfere in the economic independence of road-building facilities and organizations.

[Nikitin] Is this the road "ideology" of today, in your opinion?

[Dontsov] Generally speaking, yes. We also need the State Committee for Highways to conduct a single policy of road development, including international roads. We need it to develop legal documents and regulations. I am sure we cannot manage without a USSR law on highways.

Imagine the increase in cost of the transfer to the market system if every republic does everything by itself. The modern road "ideology" should help us in our careful approach to various resources. It should also help, of course, to cut down on the time limits for innovation. We cannot, I think, forget the well-known saying: It is not the car that "carries" you, but the road.

## RAIL SYSTEMS

### New Administration To Monitor Rail Transport of Hazardous Material

914H0157A Moscow *IZVESTIYA* in Russian 9 May 91  
Union Edition p 7

[Report on interview with V. Demyankov, chief of the USSR Gospromatomnadzor administration, by Yu. Rogozhin: "From Competent Sources—Where Hazardous Materials Will Go"]

[Text] **More than 600 million tons of hazardous materials are moved annually on the country's railroads, such as oil, oil products, acids, alkalis, and other products of chemical production, explosives, and nuclear fuel wastes. At any one time, about 100,000 freight cars with these materials, which represent a potential hazard, are in movement or at stations. In the last decade alone, the nomenclature of hazardous materials transported by rail has increased by about a thousand (!) names.**

We note that similar figures and facts have not been published in the mass press previously. And this is not surprising: until recently, the Ministry of Railways (MPS) not only operated railroads as a monopoly, but it did not let any kind of outside control services into its administration. Therefore, the Ministry of Railways had not only the desire but every opportunity to conceal unfavorable figures and facts from the public.

A number of serious accidents forced the government to agree to the introduction of nondepartmental monitoring of railroads. We asked V. Demyankov, chief of the new administration on oversight of railroad transport of the USSR Gospromatomnadzor [state committee for

oversight of the nuclear industry] to comment on this decision and to answer questions from the editorial office.

[Rogozhin] Vladimir Semenovich, briefly about the situation and incidents in the transport of hazardous materials...

[Demyankov] Last year there were 13 train crashes with such freight. Because of gross violations in guaranteeing the operation of signals and the block system at the October Railroad's Kulitskaya Station and at the Southern Railroad's Yel'nikovo Station, a passenger train crashed into cars that had highly inflammable explosive materials. The result: fires and casualties.

I cannot cite the precise number of less serious incidents in general, inasmuch as the Ministry of Railways had not established a strict accounting of accident situations in the transport of hazardous materials. According to our data, 837 such incidents occurred in railroad transport in 1990. This number includes 52 collisions of moving stock, 26 car derailments, 14 fires on the routes, 74 leakages of toxic liquids and gases, and 50 serious accidents caused during shunting operations.

[Rogozhin] What most frequently leads to such accidents?

[Demyankov] A substantial number of the incidents were the result of leaks from tank cars transporting liquids and gases—the cracking of welded seams and defects in reinforcements. At the Leningrad-Sortirovochnyy-Moskovskiy stations alone last year more than a hundred incidents of leakages of hazardous liquids were disclosed. Leaks were recorded of hydrochloric acid and toluol sent on the line from Volgograd. Phosphoric acid from cars belonging to the Kuybyshevazot and Kuybyshevfosfor production associations. At the October Railroad's Shushary Station 34 tons of oleum leaked out of a car, and at the Baltic Railroad's Tapa Station 40 tons of sulphuric acid. At the Zhigulevskoye More Station, of the 70 tons of benzol that leaked out, a substantial part fell into the reservoir of the same name.

Because of breaks in rails, rotted ties, and defects in the roadbed itself, cars with hazardous materials derailed 11 times last year. Nor are periodic checks made on special rolling stock. Enterprise consignors are not renewing their rolling stock. For example, for transporting ammonia the Kuybyshev Azot production association operates 51 tank cars whose service life has long since passed. Add to this violations of work and technological discipline by workers of the railroad services. Thus, on 18 October on the Odessa Railroad, a locomotive crew of a freight train simply missed the warning signal, and the locomotive struck a tanker with gasoline. Both the engineer and his assistant died.

Finally, despite long deliberations, return traffic and irrational transport of hazardous materials have not been eliminated yet.

[Rogozhin] You enumerated many problems that have not been resolved over the years. As the representative of an organ responsible for technical safety, what are you disturbed by most of all on the railroads?

[Demyankov] In the USSR Gospromatomnadzor particular alarm is caused by violations committed in transporting explosive materials. Events in Arzamas demonstrated graphically what the consequences can be here. Only with a favorable confluence of circumstances can I explain, for example, that last year in two train crashes in which there were cars with explosives, and also in several collisions of such cars, no explosions occurred.

The trouble also is that line workers do not always inform each other of the movement of stock with explosive materials. Once, a car, which was loaded with explosives in Petrokrepot on the October Railroad, moved "incognito," without complying with warning measures, all the way to the Khorvino Station near Moscow.

[Rogozhin] But what about the railroad itself?

[Demyankov] It is impossible to say that the appropriate services of the Ministry of Railways are not taking any measures to straighten out the situation. However, the impression is created that it does not fully control the situation, and, indeed, that it concentrates its main efforts on the execution of transport. At times, to the detriment of safety.

[Rogozhin] What specifically are the tasks assigned to the administration on oversight over railroad transport?

[Demyankov] Our administration is a structural subdivision of the USSR Gospromatomnadzor. It is supposed to perform:

- oversight over the shipment of hazardous materials (explosive and inflammable, and chemically volatile and toxic substances) at the stage of preparation for dispatch (formulating documents, organizing car loading, etc.), and control over the movement routes;
- examination of the system to ensure safety at the freight consignor's location, enroute, and at the location of the customer-consignee. The interconnection of such systems should ensure the possibility of checking freight at any moment during their movement along transport routes;
- examination of plans to eliminate possible accidents, the mobility and readiness of special services to localize and eliminate the aftereffects of an accident;
- study how the system of responsibility of personnel and directors for ensuring safety during the shipment of hazardous materials operates.

**Our comments.** The situation with hazardous materials, as they say, has reached the extreme. But where are the guarantees that the assigned tasks will be fulfilled by the

new organs? That tomorrow there will not be another tragic report from a distant or local station?

The basic condition for the successful activity of any control—independence from surveillance—is fulfilled in this case. However, it is not at all a matter of the oversight organ being called a state organ. Titles like this are still being used by departmental inspections in the Minenergoprom [Ministry of Power and Electrification], in the Gas Industry concern, and in other industries. The fact is that the USSR Gospromatomnadzor actually does not depend on the Ministry of Railways also because, in addition to oversight of freight shipments on railroads, it has been entrusted with oversight of the safe performance of work in a number of branches of industry and in nuclear power engineering.

But here is what is alarming. While previously Gospromatomnadzor itself was in the former government with the rights of a Union-republic committee, it now ends up only under the "USSR Cabinet of Ministers." It is still not clear whether it will retain its rights and authorities in an amount sufficient to cope with such monsters as the Ministry of Railways, or the Minenergoprom, or...

#### Railway Workers' Wages Increased, Minister Konarev Retires

914II0157B Moscow RABOCHAYA TRIBUNA  
in Russian 9 May 91 p 2

[Article by Vladimir Chuprin: "To Beg or To Earn?"]

[Text] Two events occurred immediately one after the other in the country's rail transport: A 50-percent wage increase for many categories of workers of the branch and, immediately afterwards, the retirement of USSR Minister of Railways N. Konarev. A farewell gesture?

Everything is not that simple. You will not envy the former minister. The economic crisis in which the economy of the whole country found itself did not bypass his branch either. The failures in the work of the railroad have long since become the talk of the town. Could he have changed much? We will let the future chroniclers of the history of the branch answer this question. But one way or another, in terms of the level of technical equipment, these railway workers did not get far ahead of the miners: as before, they are swinging sledge hammers, driving spikes into ties.

However, the dissatisfaction in the branch did not spill over into extreme forms, and the railway workers, in contrast to the miners, did not strike, and they achieved an increase in wages by peaceful means.

The increase in wages put out the social tension in the branch. However, here are some doubts that arise in this respect. The railway workers got only a small part of the profit received from the increase in fares for passenger transportation. The Cabinet of Ministers "uncoupled" the lion's share of the money to correct the financial affairs of the branch in the form of centralized subsidies.

It would seem that there should be no other way: throughout the world transport is the property of the state, and it is obligated to allocate material resources to it.

But, after all, all branches in our country still belong to the state. And each one is calling for help. The problems are typical: enterprises are subject to such taxes on the part of the government and the republic local soviets that it is difficult for them even to scrape up a 60-ruble compensation.

And so the question arises: Is the Cabinet of Ministers planning to renew subsidy injections for one and all, or, with the transition to the market, will it give enterprises room for economic maneuvering? So that these would not expect and beg for a dole from the center?

RABOCHAYA TRIBUNA has raised this question more than once in its pages. But it has not yet received an answer.

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